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The Farm Real Estate Situation 1939-40, 1940-41, and 1941-42

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Possibility of the recurrence of the general upsurge in farm real estate values that accompanied the last war has increased the need for information on current land-market activity. A compilation of data on value movements, volume of land transfers, and other related information exposes the extent to which rapidly changing economic conditions associated with the war are influencing the current land market.

Prospective farm owners, Federal and private lending agencies, and others having an interest in farm real estate have use for this information in planning their operations. Experience after the last war clearly demonstrated the desirability of avoiding excessive increases during this war. Unwarranted value increases would endanger agricultural security and seriously interfere with the efforts of the Federal Government to curb inflation, control prices, and encourage debt reduction and sound credit policies.

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THE SITUATION IN GENERAL

Substantial increases in land values and a further strengthening in the general tone of the farm real estate market characterized developments in the farm real estate situation during the year 1941–42.[1]

Values for the country as a whole rose about 7 percent. This is almost double the annual increases during the years following 1933, and is the most substantial rise reported since the World War I period. This increase brings values to a level almost 25 percent above the depression low, although they are still 9 percent below the 1912–14 average.

Other characteristics associated with the rise in values include a high frequency of voluntary sales, decreased foreclosures, a further depletion in the farm real estate holdings of creditor agencies, increased asking prices, evidences of a reduction in the number of farms offered for sale, and a widespread interest in opportunities to buy farm real estate.[2]

These features of the current farm real estate situation for the most part represent a continuation, at an increased tempo, of the principal market characteristics prevailing during the preceding 2 years. During the years 1939–40 and 1940–41, the strengthened tone of the market was reflected in a higher volume of sales and a general reduction in the effectiveness of many factors operating to curb value increases, rather than in land-value advances. It was during this 2-year period that the market completely recovered from the weakened temper reflected in reports for 1937–38 and 1938–39, and in which the developments were such as to pave the way for the sharper value advances that occurred during the year just past.

At present a greater number of influences apparently are contributing to the general strength of the farm real estate market than at any other time since the last war.

The immediate price outlook for most agricultural commodities is favorable, and, owing to war conditions, increases in production are being encouraged for a substantial number of agricultural commodities. Among the principal exceptions are wheat and tobacco, as market demands for these products are considerably more restricted in relation to production than is the case for most of the major farm products. The limits on increases in income include price ceilings for agricultural commodities; labor, material, and equipment shortages and higher costs, transportation difficulties, and higher income taxes and other taxes. But the forces tending to raise land-income expectations appear to overshadow the counteracting influences.

Furthermore, interest rates are at extremely low levels and ample supplies of credit are available. An increasing proportion of the credit extended is being used to finance purchases of farms. Plentiful credit at low interest rates has reduced costs of ownership and has increased the number of buyers. The number of distress farms on the

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[1] The farm real estate year ordinarily covers roughly a 12-month period ending about March 1. Possession of farms by lease or sale is commonly given at that time and occupancy is usually considered as beginning on that date. Unless otherwise stated, the term "1941–42" in this circular denotes the 12-month period ended on or about March 1, 1942. Most of the real estate data used here refer to this period. The term "1941" here denotes the calendar year ended December 31, 1941.

[2] The term "farm real estate" as used throughout this circular includes farm land, together with buildings and other permanent improvements.

market as a result of credit difficulties has ceased to be of material significance. Further effects of the credit situation upon increases in land values will depend to a considerable extent upon the policies followed in regard to credit extension. The generally conservative loan policies of the last few years are apparently continuing, although rather keen competition for loans is reported in local areas. For the most part, emphasis is still being placed upon the long-run earning capacity of the land in determining its value as security for mortgage loans. The realization that such a practice is to the interest of both borrowers and lenders is one of the more valuable lessons learned from the experiences of the last quarter century.

Values of land rents have continued to advance at a somewhat more rapid rate than have land values, following the tendency since 1933. This relationship is not unexpected, as the value of rents depends primarily upon currently prevailing conditions in contrast to the land-value emphasis on future expectations.

Active farmers, including former farm tenants, continued to form the largest group of farm buyers. The primary interest of a substantial majority of buyers also continued to center in purchase for operation rather than for investment, although in a number of areas and especially in the East North Central States investment purchases have become increasingly important.

Thus, in several respects the farm real estate situation appears basically to be in a more economically sound position at present than it has been since before the war years, 1914–18, despite the size of the value rise this last year. In keeping a balanced perspective, farmers and farm buyers can contribute materially to the maintenance of this fundamentally healthy condition during coming years. Their efforts in this direction would be aided through the widespread use of some type of "normal-value" concept in the appraisal of farm lands for loan purposes, such as is advocated by the Farm Credit Administration. In such an appraisal policy, emphasis is properly placed on longer term rather than on temporary considerations. The emphasis is similar in programs that encourage farmers to use increased incomes to reduce mortgage debt or to buy war savings bonds.

General commodity price-control legislation for the purpose of maintaining a more nearly balanced economy also has promise as a means of aiding farmers to avoid unstable land values. In the past, current land values have been oversensitive, from a long-term value level viewpoint, to current farm commodity price increases. Effects of price fluctuations have been reflected in land values long after the immediate stimulus for the price increase has disappeared. Thus, any program directed toward curbing excessive fluctuations in commodity prices would contribute materially toward preventing unwarranted fluctuations in land values. Direct legislation to curb excessive value increases would have much the same purpose as the commodity price-stabilization programs indicated and the same future-security type of justification.

FARM REAL ESTATE VALUES

Farm real estate values for the Nation as a whole rose 7 percent during the year just past. This rise brings the index of average per acre values to 91 for March 1, 1942, as compared with 85 a year earlier, and 84 on March 1, 1940 (table 1). This is the most

Table 1.—Farm real estate: Index numbers of estimated value per acre, by geographic divisions and States, 1912–42 [1]

[1912–14=100 percent]

Geographic division and State	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	[3] 1942	Net change over 1941	
																																	Pct
United States	97	100	103	103	108	117	129	140	170	157	139	135	130	127	124	119	117	116	115	106	89	73	76	79	82	85	85	84	[2] 84	[2] 85	91	+6	+7
Geographic divisions:																																	
New England	99	101	100	99	102	112	117	123	140	135	134	130	128	127	128	127	127	126	127	126	116	105	104	104	105	107	106	105	106	107	109	+2	+2
Middle Atlantic	98	100	102	100	104	112	117	121	136	127	118	116	114	114	113	111	110	109	106	101	96	82	83	85	88	89	90	89	90	91	94	+3	+3
East North Central	97	100	103	104	110	116	127	135	161	151	132	128	121	116	111	104	101	100	96	87	73	62	65	68	72	76	78	77	78	80	89	+9	+11
West North Central	97	100	103	105	114	122	134	147	184	174	150	142	132	126	121	115	113	112	109	97	81	64	67	68	71	71	70	[2] 67	[2] 65	[2] 65	69	+4	+6
South Atlantic	98	100	103	98	108	119	135	161	198	174	146	152	151	148	149	137	134	132	128	116	96	80	87	93	97	104	106	106	107	110	117	+7	+6
East South Central	97	100	103	99	109	120	140	162	199	163	149	149	142	141	139	133	130	129	128	117	97	79	85	93	96	102	107	109	112	115	126	+11	+10
West South Central	96	100	104	100	103	116	134	143	177	159	136	132	136	144	144	139	137	136	136	121	97	82	88	91	94	96	99	97	99	99	105	+6	+6
Mountain	98	102	100	98	98	106	117	130	151	133	122	115	110	105	103	101	101	101	102	100	82	69	69	70	73	75	75	75	76	78	84	+6	+8
Pacific	94	99	106	107	111	122	129	134	156	155	151	148	147	146	144	143	142	142	142	140	118	96	97	101	105	110	109	107	108	109	115	+6	+6
New England:																																	
Maine	100	102	98	96	98	110	115	124	142	132	127	129	127	124	126	124	124	122	124	123	111	94	94	94	95	97	96	94	95	95	97	+2	+2
New Hampshire	97	101	102	101	98	103	111	116	129	123	126	111	109	111	113	112	112	111	111	110	102	92	91	90	92	94	93	93	94	95	97	+2	+2
Vermont	101	101	98	104	115	127	133	136	150	150	145	134	130	125	126	125	123	123	123	121	112	101	100	101	101	102	100	100	101	101	102	+1	+1
Massachusetts	98	100	102	98	100	110	114	119	140	134	134	132	131	132	134	133	131	131	131	130	120	112	112	111	111	112	113	113	113	113	114	+1	+1
Rhode Island	100	101	100	102	106	112	118	123	130	130	127	124	126	128	130	133	134	134	134	133	126	118	118	118	119	120	119	118	120	121	126	+5	+4
Connecticut	98	100	102	100	102	110	116	121	137	134	140	137	140	137	137	138	139	139	140	140	133	124	123	123	125	126	124	124	124	128	133	+5	+4
Middle Atlantic:																																	
New York	98	100	102	100	103	109	115	118	133	123	116	115	112	111	109	108	106	105	103	96	92	82	82	84	85	86	87	86	86	86	87	+1	+1
New Jersey	98	100	102	100	102	111	115	119	130	130	121	115	120	124	129	128	127	127	125	123	118	110	111	111	113	115	116	116	116	121	128	+7	+6
Pennsylvania	98	100	102	100	105	114	119	124	140	131	120	118	116	114	114	112	111	110	107	101	96	78	79	82	86	87	89	88	90	90	95	+5	+6
East North Central:																																	
Ohio	98	100	102	107	113	119	131	135	159	134	124	122	118	110	105	99	96	94	90	82	70	59	63	66	71	75	74	76	77	80	89	+9	+11
Indiana	97	100	103	102	110	116	128	135	161	148	120	116	108	102	95	87	84	83	80	72	60	53	56	61	66	70	73	73	74	77	88	+11	+14
Illinois	97	100	103	102	105	111	119	130	160	153	126	123	116	115	109	99	96	95	91	80	66	54	59	61	65	70	73	72	75	76	86	+10	+13
Michigan	98	99	103	105	111	120	134	137	154	152	148	145	138	133	129	127	125	124	121	115	97	80	82	83	84	91	92	92	91	93	105	+12	+13
Wisconsin	97	100	103	104	117	124	133	143	171	168	154	147	139	130	125	122	120	119	117	104	91	80	80	82	84	89	88	86	84	82	88	+6	+7
West North Central:																																	
Minnesota	95	100	105	107	122	138	155	167	213	212	187	177	170	159	155	145	140	138	133	116	98	79	83	83	85	87	88	86	86	86	90	+4	+5
Iowa	96	99	104	112	128	134	145	160	213	197	162	156	143	136	130	121	117	116	113	98	80	58	63	67	73	73	74	74	74	75	80	+5	+7
Missouri	97	100	103	102	108	115	125	137	167	156	133	127	117	112	104	99	96	95	92	79	67	55	57	58	60	60	60	58	59	60	66	+6	+10
North Dakota	97	100	103	103	112	118	124	130	145	141	136	128	114	109	105	100	99	98	95	85	73	66	68	67	68	67	64	[2] 57	[2] 52	[2] 52	55	+3	+6
South Dakota	96	101	103	101	108	116	126	145	181	173	146	126	117	115	107	97	96	95	93	83	67	55	55	54	55	54	51	[2] 44	[2] 41	[2] 40	42	+2	+5
Nebraska	98	100	102	101	104	110	127	145	179	166	144	139	128	123	123	119	117	116	113	106	90	69	72	72	73	72	69	[2] 65	[2] 58	[2] 55	59	+4	+7
Kansas	101	99	99	103	109	115	122	132	151	149	130	127	118	115	113	113	113	113	113	103	89	70	72	73	75	78	78	[2] 76	[2] 71	[2] 71	74	+3	+4

South Atlantic:																															
Delaware	100	101	99	100	105	115	124	129	139	129	119	119	107	112	114	111	111	111	111	107	95	80	80	82	84	87	89	89	89	93	96	+3	+3
Maryland	97	100	103	104	109	118	129	136	166	146	141	136	133	131	130	126	124	123	123	120	106	90	90	91	94	98	101	100	100	105	111	+6	+6
Virginia	97	100	103	97	117	125	142	167	189	180	157	170	162	154	148	138	137	136	134	117	99	88	91	97	103	110	111	110	112	115	118	+3	+3
West Virginia	97	100	103	101	104	112	122	135	154	141	125	127	125	120	116	110	109	108	105	98	81	74	78	78	82	82	84	85	85	89	90	+1	+1
North Carolina	97	99	104	102	114	130	152	176	223	196	166	195	192	187	185	178	172	165	158	135	114	86	101	111	121	132	138	138	136	150	+14	+10
South Carolina	101	98	101	94	98	107	122	162	230	186	126	128	136	138	128	113	110	110	104	90	73	57	67	76	78	83	87	88	89	95	103	+8	+8
Georgia	98	101	101	94	105	116	131	172	217	172	136	125	123	116	112	104	102	101	100	90	70	57	65	72	73	79	79	80	82	87	93	+6	+7
Florida	96	99	105	97	103	109	126	143	178	176	157	155	163	172	223	183	176	174	172	166	141	121	126	126	127	134	132	131	133	134	140	+6	+4
East South Central:																															
Kentucky	97	100	103	100	111	127	146	170	200	172	151	147	141	140	139	134	130	129	127	115	97	80	81	87	89	98	103	107	113	114	129	+15	+13
Tennessee	96	100	104	100	110	121	145	168	200	169	154	158	148	137	134	130	127	125	123	114	96	79	84	91	97	100	102	104	108	113	125	+16	+9
Alabama	98	98	103	98	98	103	128	143	177	147	135	143	144	154	154	145	145	143	143	129	102	88	99	110	114	116	123	122	122	125	129	+4	+3
Mississippi	97	102	102	97	111	121	131	155	218	150	148	143	134	136	134	126	123	122	122	112	92	73	82	90	92	97	106	106	106	111	122	+11	+10
West South Central:																															
Arkansas	98	101	101	95	109	129	149	169	222	186	174	170	160	160	153	150	147	145	141	118	104	80	86	88	92	92	97	95	95	100	111	+11	+11
Louisiana	99	102	99	95	106	112	143	157	198	163	140	144	137	141	143	135	132	132	132	121	103	89	96	103	104	108	117	117	121	121	129	+8	+7
Oklahoma	98	101	101	95	104	114	130	140	166	160	139	133	125	131	130	128	127	127	127	116	94	76	83	86	91	91	94	93	93	96	101	+5	+5
Texas	95	100	105	103	103	115	133	141	174	156	133	128	137	146	146	141	139	138	138	122	96	83	88	91	94	96	99	97	99	98	105	+7	+7
Mountain:																															
Montana	97	100	103	100	94	100	106	114	126	105	96	87	81	75	72	70	71	72	72	70	58	48	48	50	53	54	53	54	55	57	62	+5	+9
Idaho	100	101	99	96	99	114	130	146	172	162	136	133	129	123	119	117	116	116	116	114	96	76	77	80	83	86	85	85	86	87	94	+7	+8
Wyoming	97	103	100	103	94	97	121	147	176	146	134	121	112	100	95	94	95	96	98	95	77	62	62	62	65	66	66	66	68	71	78	+7	+10
Colorado	98	103	98	93	102	107	110	118	141	132	123	113	98	92	89	82	82	82	83	81	65	54	54	53	57	60	60	61	61	63	69	+6	+10
New Mexico	100	104	96	100	96	111	118	127	144	125	115	110	110	108	106	108	108	109	110	109	89	75	76	76	80	82	83	83	84	87	95	+8	+9
Arizona	95	100	105	97	95	105	125	140	165	148	135	124	128	121	125	123	122	123	123	123	104	90	90	91	94	96	95	94	95	96	102	+6	+6
Utah	100	102	98	98	104	117	122	144	167	137	133	133	131	130	129	128	127	127	126	122	98	83	84	84	87	90	89	89	89	89	93	+4	+4
Nevada	96	100	103	102	99	96	103	117	135	123	119	112	108	102	99	99	99	99	99	97	78	65	65	65	68	69	69	69	70	71	73	+2	+3
Pacific:																															
Washington	98	100	103	100	102	112	118	122	140	132	124	117	115	113	112	111	110	110	110	108	91	74	73	76	80	84	84	83	84	84	91	+7	+8
Oregon	97	100	103	99	100	104	112	118	130	130	122	115	113	110	107	106	106	106	107	106	88	72	72	74	77	82	82	82	84	85	91	+6	+7
California	93	99	108	111	116	130	136	142	167	168	166	165	164	164	163	162	161	160	160	158	133	109	110	115	119	124	123	121	121	122	128	+6	+15

[1] All farm land with improvements as of Mar. 1. Owing to rounding of figures, 1912–14 will not always equal exactly 100 percent. [2] Revised. [3] Preliminary.

substantial rise reported in over two decades, and marks the end of a 5-year period in which the national average was practically unchanged (fig. 1).

Wartime Conditions Cause Widespread Value Increase

The rise in values during the last year was widespread, with some advance reported for each of the 48 States. The most substantial

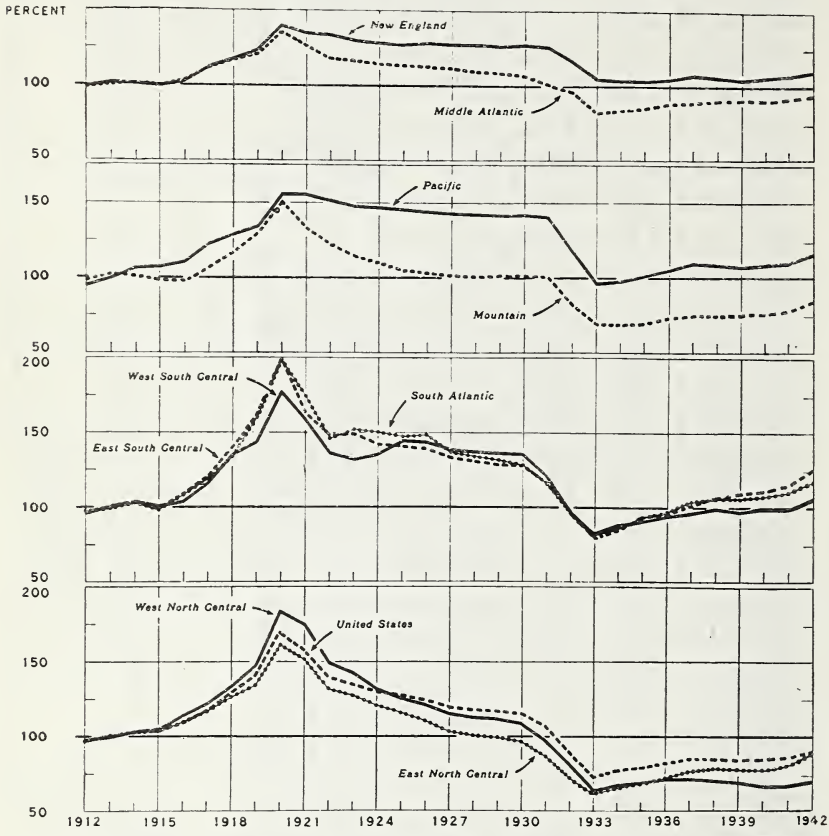

FIGURE 1.—FARM REAL ESTATE: ESTIMATED VALUE PER ACRE AS OF MARCH 1, BY GEOGRAPHIC DIVISIONS, 1912-42.

Index numbers (1912–14=100)

Values for the Nation as a whole rose about 7 percent during the last year. This is almost double the annual increases during the years following 1933, and is the most substantial rise reported since the World War I period.

rise took place in the East North Central and East South Central groups of States, where increases of 11 percent and 10 percent respectively were reported. The increase in the Mountain States was about 8 percent, and 6 percent increases were reported for the West North Central, South Atlantic, West South Central, and Pacific States. More limited increases occurred in the Middle Atlantic and New England States, where the rise was 3 percent or less.

The largest increase in any State was reported for Indiana, where values advanced 14 percent. Increases almost as large were indicated for Illinois, Michigan, and Kentucky where values rose about 13 percent. Increases of from 9 to 11 percent were reported in 10 other States, 4 of which were in the Mountain Region. Of the 14 States reporting increases in excess of 9 percent, values in 9 of them were below their pre-war levels a year ago.

For the country as a whole, values are still below pre-war averages in 27 States, as compared with 32 States on March 1, 1941 and 33 States in 1940. The value increases during the 12 months ended March 1, 1941 were also widespread, although considerably more limited than in the year just past. Values rose about 3 percent in the East North Central, South Atlantic, East South Central, and Mountain States. Smaller increases were reported for the New England, Middle Atlantic, and Pacific States, with no change in the index for the West North Central and West South Central groups of States. During the year 1940–41, increases in average per acre values were reported for 32 States. This is somewhat of an increase over the 25 States reporting an increase the previous year. Decreases were reported in 6 States in 1940–41, with no change in 11, as compared with decreases in 5 States the previous year and 17 unchanged.

Values reported as of March 1, 1942 are 25 percent above the 1933 low for the country as a whole. The most substantial increases during the last 9 years have occurred in the East South Central, South Atlantic, and East North Central groups of States, where increases of 59, 46, and 44 percent respectively have been reported. Following 1933, a moderate but general recovery in values occurred throughout the principal farming areas. In each of the years from 1933 to 1937, all geographic divisions except New England reported increases in values. During the 5-year period 1937–41, trends in values continued upward in the East South Central and South Atlantic groups of States, but in all other divisions values leveled off, except the West North Central States in which declines occurred.

Current Rise Follows Most Stable 5-Year Value Period This Century

During the 5-year period 1937–41, levels of land values for the United States were more stable than during any period of comparable length since the beginning of the century. Although offsetting movements in the different geographic divisions have contributed to the stability in the average for the Nation, the averages for geographic divisions themselves moved within fairly limited ranges. Of the nine geographic divisions, seven reported changes of less than 6 percent over the 5-year period.

Although values were relatively unchanged, developments during the latter part of the 5-year period were such as to strengthen the general tone of the farm real estate market and provide the setting for the value response that occurred during the last year. During recent years the volume of voluntary sales continued at relatively high levels, whereas foreclosures continued to decline. The number of farms pressing on the market was materially reduced in most of the principal farming areas.

Reports from dealer correspondents indicate increasing interest on the part of prospective purchasers. During the year 1941–42, approximately 54 percent of the dealers reported increased interest, 44 percent the preceding year, 33 percent for the 12 months ended March 1, 1940, and 27 percent for the year ended March 1, 1939. Such reports also indicate that former-tenant buyers continued to constitute a substantial proportion of the purchasers, being about equally as numerous as farmers already owning land. During the last year former tenants and owners were the purchasers in approximately three-fifths of the voluntary transfers. Speculators and investors continue to represent a smaller proportion of all buyers, although reports indicate a substantial increase in purchases by investors in local areas.

Wartime Demands With Increased Income Encourages Value Rise

Increased farm income during the last year, together with expectations for a relatively high income level during the war period, was one of the principal factors supporting the 7-percent rise in farm real estate values.

Total cash farm income from marketings and Government payments was estimated at $11,830,000,000 for 1941, an increase of $2,685,000,000 over 1940. This is the largest cash-income estimate for any year since 1920 (table 2), and the largest increase since 1917 (fig. 2). The income for 1941 was 29 percent higher than income from the same source in 1940, and 36 percent above the estimate for 1939. This increase resulted from a gain of $1,284,000,000 in returns from crops and $1,580,000,000 from livestock and livestock products (table 3). The largest increases in income were reported for cotton and cottonseed, and hogs, with increases of slightly over 70 and 60 percent, respectively.

Table 2.—*Gross and cash income from farm production, calendar years, 1910–41*

Year	Cash income from marketings	Government payments	Total cash income	Value of home consumption	Gross income	Year	Cash income from marketings	Government payments	Total cash income	Value of home consumption	Gross income
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*		*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
1910	5,793	.....	5,793	1,177	6,970	1927	10,756	.....	10,756	1,695	12,451
1911	5,596	.....	5,596	1,092	6,688	1928	11,072	.....	11,072	1,667	12,739
1912	6,017	.....	6,017	1,140	7,157	1929	11,296	.....	11,296	1,699	12,995
1913	6,248	.....	6,248	1,153	7,401						
1914	6,050	.....	6,050	1,161	7,211	1930	9,021	.....	9,021	1,537	10,558
1915	6,403	.....	6,403	1,131	7,534	1931	6,371	.....	6,371	1,253	7,624
1916	7,750	.....	7,750	1,309	9,059	1932	4,743	.....	4,743	1,008	5,751
1917	10,746	.....	10,746	1,861	12,607	1933	5,314	131	5,445	1,023	6,468
1918	13,461	.....	13,461	2,153	15,614	1934	6,334	446	6,780	1,090	7,870
1919	14,602	.....	14,602	2,395	16,997	1935	7,086	573	7,659	1,320	8,979
						1936	8,367	287	8,654	1,374	10,028
1920	12,608	.....	12,608	2,406	15,014	1937	8,850	367	9,217	1,410	10,627
1921	8,150	.....	8,150	1,568	9,718	1938	7,686	482	8,168	1,283	9,451
1922	8,594	.....	8,594	1,555	10,149	1939	7,877	807	8,684	1,244	9,928
1923	9,563	.....	9,563	1,623	11,186						
1924	10,221	.....	10,221	1,622	11,843	[1] 1940	8,379	766	9,145	1,233	10,378
1925	10,995	.....	10,995	1,781	12,776	[1] 1941	11,244	586	11,830	1,421	13,251
1926	10,564	.....	10,564	1,837	12,401						

[1] Preliminary.

Government payments under the agricultural conservation program, price parity, and Sugar Act constituted approximately 5 percent of

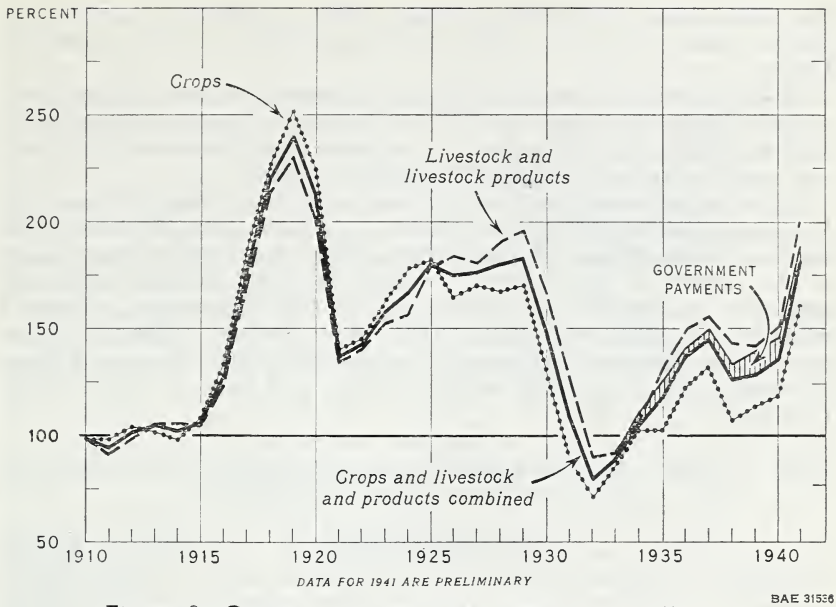

FIGURE 2.—GROSS INCOME FROM FARM PRODUCTION, 1910-41.

Index numbers (1910–14=100)

Gross income from farm production in 1941 was higher than for any year since 1920. Both increased prices and volume of agricultural production contributed to the 1941 income increase. Government payments were approximately 24 percent under those for 1940.

TABLE 3.—*Cash income from farm marketings by groups of commodities, 1910, 1915, 1920, and 1925–41*

Year	Crops						Livestock						Total crops and livestock
	Grains and hay	Cotton and cottonseed	Fruits and nuts	Vegetables	Tobacco	All crops [1]	Hogs	Cattle and calves	Sheep and lambs	Dairy products	Poultry and eggs	All livestock [1]	
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. sol.*	*Mil. dol.*
1910	1,177	880	232	291	102	2,950	670	851	105	597	480	2,843	5,793
1915	1,485	830	282	306	93	3,280	691	966	111	685	499	3,123	6,403
1920	2,831	1,476	677	744	295	6,654	1,385	1,528	166	1,529	1,155	5,954	12,608
1925	1,776	1,762	589	684	260	5,526	1,318	1,252	207	1,515	1,038	5,469	10,995
1926	1,637	1,222	607	731	240	4,889	1,407	1,271	205	1,566	1,093	5,675	10,564
1927	1,721	1,500	590	664	246	5,157	1,237	1,336	197	1,685	1,017	5,599	10,756
1928	1,670	1,453	621	629	247	5,044	1,218	1,556	221	1,756	1,121	6,028	11,072
1929	1,581	1,512	620	710	279	5,125	1,297	1,495	224	1,838	1,181	6,171	11,296
1930	1,124	824	561	685	244	3,840	1,136	1,184	161	1,607	998	5,181	9,021
1931	635	497	457	488	157	2,536	774	838	130	1,277	746	3,835	6,371
1932	486	461	327	358	115	1,997	445	621	93	986	558	2,746	4,743
1933	671	577	346	446	157	2,473	524	600	104	1,004	514	2,841	5,314
1934	733	863	394	498	236	3,004	521	815	131	1,144	599	3,313	6,317
1935	769	712	443	502	242	2,978	671	1,062	156	1,297	775	4,064	7,042
1936	1,023	905	462	656	243	3,651	965	1,098	170	1,459	799	4,633	8,284
1937	1,176	883	546	648	321	3,948	923	1,215	192	1,531	832	4,861	8,809
1938	954	647	405	533	294	3,190	870	1,162	157	1,388	802	4,496	7,686
1939	1,064	627	443	589	271	3,366	810	1,290	172	1,346	767	4,511	7,877
1940 [2]	1,181	646	445	630	241	3,510	836	1,381	180	1,516	806	4,870	8,379
1941 [2]	1,588	1,107	609	752	325	4,794	1,304	1,727	230	1,897	1,105	6,450	11,244

[1] Totals include income from other sources. [2] Preliminary.

the cash income of farmers in 1941. Such payments were about 24 percent under those for 1940, and 28 percent below the payments in 1939.

Gross income, as represented by cash income from marketings, Government payments, and products retained for home consumption, totaled $13,251,000,000 in 1941, an increase of approximately 28 percent over the estimate of $10,378,000,000 in 1940.

As in the previous year, the increases in income during 1941 resulted from both increases in prices and in the volume of agricultural production. The Bureau of Agricultural Economics preliminary index of the volume of agricultural products for sale and for home consumption for 1941 was 113 percent of the 1935–39 average, compared with 110 in 1940 and 107 in 1939. The Bureau index of prices received by farmers (August 1909–July 1914=100) increased from an average of 93 in 1939 to 98 in 1940, and then to 122 in 1941 (table 4).

TABLE 4.—*General trend of prices and purchasing power for specified years and by months, January 1941 to March 1942*

Year and month	Index numbers of farm prices (August 1909–July 1914=100)								Ratio of prices received to prices paid	Wholesale prices, all commodities (U. S. Bureau of Labor Statistics) 1910–14=100
	Grains	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	Cotton and cottonseed	All groups		
1910	104	101	--------	103	99	104	113	102	104	103
1915	120	82	--------	104	103	101	77	98	93	102
1920	232	191	--------	174	198	223	248	211	105	225
1925	157	172	153	141	153	163	177	156	100	151
1926	131	138	143	147	152	159	122	145	94	146
1927	128	144	121	140	155	144	128	139	91	139
1928	130	176	159	151	158	153	152	149	96	141
1929	120	141	149	156	157	162	144	146	95	139
1930	100	162	140	134	137	129	102	126	86	126
1931	63	98	117	92	108	100	63	87	69	107
1932	44	82	102	63	83	82	47	65	60	95
1933	62	74	105	60	82	75	64	70	65	96
1934	93	100	103	68	95	89	99	90	74	109
1935	103	91	125	117	108	117	101	108	86	117
1936	108	100	111	119	119	115	100	114	92	118
1937	126	122	123	132	124	111	95	121	92	126
1938	74	73	101	114	109	108	70	95	77	115
1939	72	77	105	110	104	94	73	92	76	113
1940	85	79	114	108	113	96	81	98	80	115
1941	96	92	144	144	131	122	113	122	93	127
1941:										
January	84	78	117	129	121	100	80	104	85	118
February	81	80	156	128	118	90	80	103	84	118
March	84	83	134	127	118	90	82	103	83	119
April	90	89	161	136	121	104	88	110	89	121
May	93	89	146	136	124	107	98	112	90	124
June	96	97	146	142	126	118	107	118	92	127
July	98	93	130	151	132	127	121	125	97	130
August	99	100	133	155	135	130	128	131	98	132
September	106	89	145	163	140	141	150	139	102	134
October	101	107	164	154	145	146	144	139	100	135
November	103	98	147	149	148	157	136	135	96	135
December	112	98	162	157	148	153	138	143	100	137
1942:										
January	119	102	204	164	148	147	143	149	102	140
February	121	98	161	173	147	135	150	145	99	141
March	122	111	136	180	144	130	151	146	97	142

The volume of crop production in 1941 was up about 2 percent from the previous year, and average prices of all crops increased materially. Prices received for cotton and cottonseed during 1941 were 40 percent above the 1940 average, prices for grain crops were

up 13 percent, truck crops increased 16 percent, and fruits advanced 27 percent. The largest price gains in most groups occurred during the last half of 1941 and the upward movement continued through the early part of 1942. Prices of grain in March of this year were approximately 45 percent above prices for the previous March. Prices of cotton and cottonseed also advanced sharply and in March 1942 reached the highest level in 12 years. The 85-percent parity-loan rate for cotton has been an important price-stimulating influence. Other favorable price factors include a record high level of domestic consumption and a reduced volume of production, due to reduced acreage and unfavorable crop conditions.

The improved feed and pasture conditions, which have prevailed during the last several years, have brought an increased output of livestock and livestock products. The volume of such production in 1941 was 115.8 percent of the 1935–39 average—higher than for any previous year of record. Prices for meat animals in 1941 averaged 33 percent above the average for 1940 which was slightly under the 1939 average. During 1941, these prices increased materially because of improved consumer demand, and by March 1942 reached levels higher than the average for any year since 1919. Prices for dairy products in 1941 were almost 16 percent higher than the previous year. Prices of dairy products were strengthened throughout 1941 and by the end of the year were 22 percent above the average prices for January 1941.

Graphic comparisons of the movement of prices received and prices paid by farmers, wholesale prices, farm wages, farm taxes, and farm real estate values are presented in figures 3 and 4.

The Bureau's index of prices paid by farmers for commodities used in production rose during 1941 to 131 percent of the 1910–14 base (table 5). This was a 7-point increase over 1940 and brought the index back to approximately the same level as that reported for 1937. For the last 3 months of the year the level approximated those prevailing from 1921 to 1930. The comparable index of prices of commodities bought for family maintenance was 131 in 1941, as compared with 121 in 1940 and 120 in 1939. Farm wages averaged approximately 22 percent higher for 1941 than the average for 1940. But during 1941 sharp advances in wages were reported. The index of farm wages for January 1942 was 166 as compared with 154, the average index for 1941, and 126 for 1940. This level of farm wages is higher than the average for any year since 1930. According to reports from crop correspondents, the demand for farm labor on July 1, 1941, was the largest since 1920, but farm employment and the available supply of labor for work on farms were the lowest on record for that time of year.

The ratio of prices received to prices paid by farmers increased from 76 in 1939 to 80 in 1940 and 93 in 1941. During 1941, the ratio rose each month from March to September when the index of prices received was 2 percent above the index of prices paid. During the balance of the year prices paid tended to advance faster than prices received, and the farm price ratio reported for November was 96. Since that time, both prices paid and prices received have increased at approximately the same rate and the ratio has stayed within 3 percent of 100.

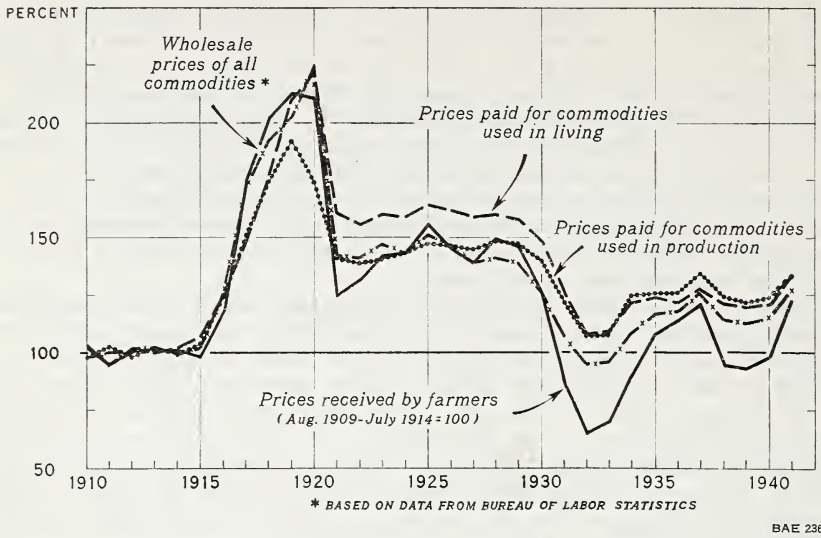

FIGURE 3.—PRICES RECEIVED AND PAID BY FARMERS AND WHOLESALE PRICES OF ALL COMMODITIES, 1910-41.

Index numbers (1910–14=100)

Generally improved prices for farm products prevailed in 1941 and the Bureau's index of prices received by farmers rose from 98 in 1940 to 122 in 1941. Prices paid by farmers also increased, although the increases were less than in the case of prices received.

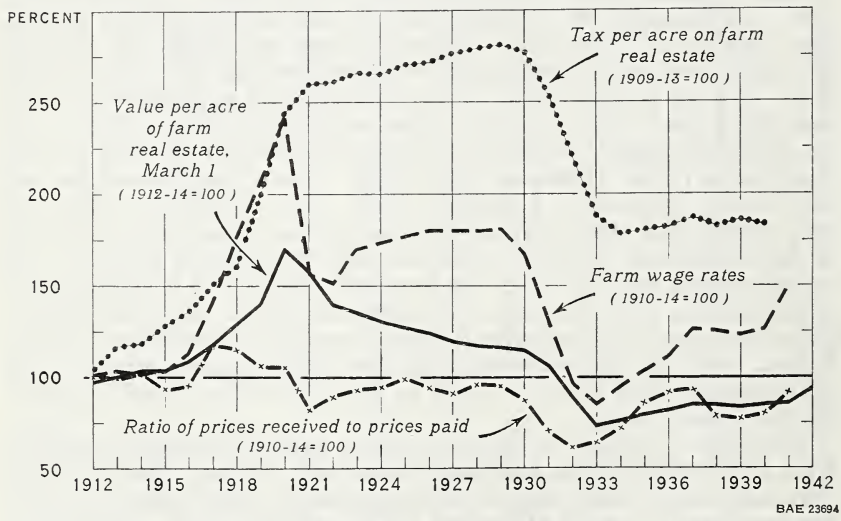

FIGURE 4.—RATIO OF PRICES RECEIVED TO PRICES PAID, FARM WAGES, TAXES PER ACRE ON FARM REAL ESTATE, AND VALUE PER ACRE OF FARM REAL ESTATE.

The increase from 1940 to 1941 in the ratio of prices received to prices paid by farmers was approximately 15 percent, prices received having increased faster than prices paid. Farm wage rates increased only slightly from 1939 to 1940 but a 22-percent advance was reported for 1941. This level of farm wages is higher than the average for any year since 1930.

TABLE 5.—*Index numbers of prices paid by farmers, by years, 1910–41, and stated months, 1941 and 1942*

[1910–14=100 percent]

Year and month	Commodities used in production							Commodities bought for family maintenance [2]	All commodities bought for both production and family maintenance	Wages paid to hired labor	Index of farm real estate taxes per acre [3]
	Feed	Farm machinery (excluding tractors)	Fertilizer	Building materials for other than house	Equipment and supplies	Seed [1]	All commodities bought for use in production				
1910	93	102	99	100	101	.....	98	98	98	97	91
1911	107	101	99	102	100	.....	103	100	101	97	99
1912	91	102	100	103	100	103	98	101	100	101	103
1913	107	98	102	101	100	97	102	100	101	104	117
1914	102	96	100	93	99	99	99	102	100	101	118
1915	100	100	112	102	106	120	104	107	105	102	128
1916	130	107	120	117	129	142	124	124	124	112	136
1917	184	126	137	137	156	149	151	147	149	140	151
1918	193	155	170	161	181	190	174	177	176	176	160
1919	211	161	182	189	180	280	192	210	202	206	200
1920	137	167	186	205	189	152	174	222	201	242	244
1921	97	156	156	156	152	134	141	161	152	155	259
1922	123	142	129	159	140	130	139	156	149	151	261
1923	134	146	126	161	136	142	141	160	152	169	266
1924	142	152	120	161	133	151	143	159	152	173	265
1925	141	153	129	164	140	172	147	163	156	176	270
1926	137	154	126	162	144	214	146	162	155	179	271
1927	138	154	121	160	141	197	144	160	153	179	277
1928	148	154	131	158	138	179	148	160	155	179	279
1929	145	153	130	159	136	185	147	159	154	180	281
1930	132	152	126	155	131	174	141	150	146	167	277
1931	93	150	115	139	116	152	123	128	126	130	254
1932	69	141	99	126	107	102	109	108	108	96	220
1933	79	137	96	129	103	95	108	108	108	85	188
1934	110	144	104	146	109	140	123	122	122	95	178
1935	111	148	102	145	108	154	127	124	125	103	180
1936	115	149	96	146	110	142	125	123	124	111	181
1937	126	154	102	156	114	192	136	128	131	126	186
1938	91	160	100	148	114	158	125	122	123	125	183
1939	95	157	100	148	110	130	122	120	121	123	186
1940	100	152	97	150	110	130	124	121	122	126	183
1941	112	155	100	162	115	124	131	131	131	154	.....
1941:											
March	99	153	96	155	111	120	125	124	124	[4] 138	.....
June	104	155	96	156	113	120	128	129	128	[4] 160	.....
September	120	157	104	166	117	128	135	136	136	[4] 165	.....
December	123	158	104	171	119	128	141	143	142	[4] 166	.....
1942:											
March	136	160	111	175	121	196	149	150	150	167	.....

[1] 1912–14=100.

[2] Includes food, clothing, household operating expenses, furniture and furnishings, and building materials for house.

[3] 1909–13 levies=100; principally payable August 1909 through September 1914. The index for 1909 is 90.

[4] Data are as reported one month later.

Compiled from prices reported to the Department of Agriculture by retail dealers throughout the United States. The index numbers include only commodities bought by farmers, the commodities being weighted according to purchases reported by actual farmers in farm-management and rural-life studies from 1924 to 1929.

FARM REAL ESTATE TAXES DECREASED IN 1940

Farm real estate taxes in 1940 were about 2 percent under the taxes levied in 1939. This marks the second time since 1935 that small decreases have been reported for the country as a whole. Taxes per acre for 1940 were 3 percent above the recent low point of 1934, but were still considerably below the level of the 1920's.

Preliminary information obtained from tax students and tax officials indicate that the average tax levies for 1941 will not differ much from those of 1940. Thus, although relatively high taxes have had a repressive effect on values of farm real estate, during recent years, the taxes have changed very little and their influence has been overshadowed by other factors.

Reduced revenues from other tax sources may cause an increase in rates by the time the 1942 property-tax levies are fixed. On the one hand, national war policies will affect revenues from many of the other types of taxes. Restrictions on automobiles and tires, as well as rationing of gasoline supplies, will undoubtedly reduce revenues from gasoline and other automotive taxes. Sales-tax receipts will tend to increase with rising prices, although Federal taxation and price-control policies may modify this. On the other hand, war demands for labor and materials may make it necessary to curtail or postpone programs of State and local governments for capital improvements. Developments such as these will affect both the needs for revenues and the yields of various taxes. The net effect on property-tax levies will vary among the States, depending on such factors as the relative reliance on various kinds of taxes.

Farm Values May Become More Responsive to Price and Income Change

The 12 months ended March 1, 1942, is the first year since the value upturn following the depression in which values have materially responded to increases in income. Increases in values in 1941 were larger than for any year since the depression, although in several years during the last decade, increases in income almost as substantial as those reported for the last year occurred and resulted in only moderate increases in land values.

Farm income expanded at the rate of about a billion dollars a year during the period from 1932–37, and in 1937 reached a level that was 93 percent above 1932. The increase for each year varied from 7 to 24 percent. In contrast, the increase in farm real estate values was only 16 percent for the comparable period, or at an average rate of only 3 percent each year. Farm income in 1938 was down about 12 percent from 1937, after which incomes again rose each year and by 1940 were almost back to the 1937 level. Until the year ended last March, values continued to respond cautiously to these changes in income. Values on March 1, 1938 were unchanged from the previous year. They then sagged 1 percent during the following 12 months, and remained at this level until a 1-percent gain was reported in 1941.

A part of the explanation for the moderate value increases during this period is attributable to the fact that incomes had declined considerably more during the depression than had values, and that larger income increases were necessary in order to attain the value and income relationships prevailing immediately before the depression. General uncertainty concerning income prospects, arising in large part out of the fluctuating incomes and prices experienced since World War I, also had a dampening effect on values.

In general, the volume of farm real estate transactions after 1933 appear to have been more sensitive to current changes in income and

price than have values. Voluntary sales frequencies during recent years reached materially higher levels in relation to the depression low than did land values. Foreclosure sales dropped substantially as prices and incomes improved following the depression.

For the first time in several years the farm real estate market is no longer dominated by the large number of farms placed on the market because of credit distress or offered by holders who acquired title by foreclosure or assignment. With a material reduction in these supplies, purchasers probably will find it necessary to bid up on farms before an adequate supply will be available to meet their demands. Under conditions in which the supply of farms is more restricted, farm values may be more responsive to changes in price and income than they have been during the last decade.

MOVEMENT IN FARM INCOME AND FARM REAL ESTATE VALUE

Although the factors influencing the levels of farm real estate values admittedly are numerous and complex, the changes that have occurred in farm incomes and prices during the last quarter century have been so large as almost to overshadow other considerations.

Income and Value Relationships Since 1910

The relationship between the two series for the country as a whole and for the period since 1910 is presented in figure 5. It appears from this figure that year-to-year changes in income had only a limited influence on values, and that values tended to follow rather than anticipate the major income trends, particularly during the periods of rapid price changes.

Income per acre increased about 125 percent for the period 1914 to 1919, whereas the comparable increase in farm real estate values was approximately 65 percent. The changes in income were also greater during the period from 1919 to 1932 when income decreased 68 percent, as compared with a 57-percent decrease in values.

Following the crash in farm prices in 1920, both incomes and values dropped materially but the decline in income was the greater. Farm income then recovered and remained at relatively stable levels from 1924 to 1929. Land values continued to decline and apparently became adjusted to the lower income levels of the post-war period toward the end of the decade. The sharp declines in income following 1930 brought about a second complete readjustment in land values and in many areas value levels are still in process of adjustment. Gross farm income, including Government payments in 1941, was over 120 percent above the income for 1932, while values on March 1, 1942 were 25 percent above the levels reported for March 1933.

The fact that values do not respond immediately and completely to changes in income is to be expected. The probable explanation is that the primary relation of values to income is in terms of income expectations rather than income already received. Past and current incomes and prices are of significance only insofar as they influence buyers and sellers in formulating judgments concerning future expectations. In this process of formulating value judgments, it is probable that current incomes and prices are most influential, with decreasing weight attached to the immediately preceding years.

Thus, the rapidly rising incomes that occurred during the first World War did not result in proportionate value increases, because there was doubt as to their continuance. In fact, the largest increase in values occurred when incomes and prices continued at the wartime levels after the war was over, and the belief that current prices were here to stay spread rapidly. Even in 1919, values did not reflect fully the prevailing levels of income and price, except perhaps in areas where value increases and sales activity were the most spectacular.

For several years following the post-war crash in prices, the belief that prices and incomes would return to something approaching their wartime levels prevented more rapid declines in values. Again, dur-

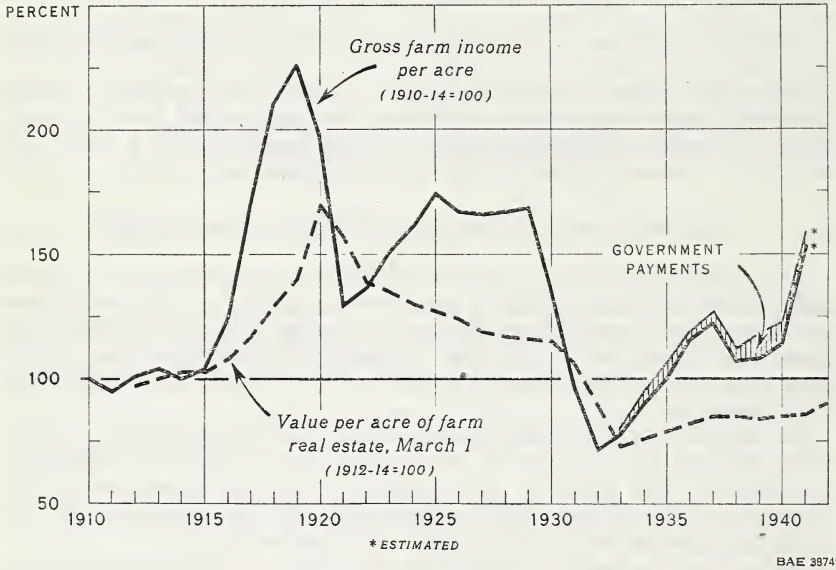

FIGURE 5.—GROSS FARM INCOME PER ACRE AND VALUE PER ACRE OF FARM REAL ESTATE.

Changes in the per acre value of farm real estate for the country as a whole have generally followed changes in farm incomes, but farm real estate values have not been subject to the rather wide year-to-year fluctuations occurring in farm incomes.

ing the first part of the last decade, the declines in values were much less than they would have been had current price levels been considered to be fully indicative of future expectations. This reluctance to more than partially capitalize current incomes into land values probably explains in part the conservative response of land values since 1933.

It is also apparent from figure 5 that land values have been lower in relation to income since 1914 than during the pre-war years. The exceptions are two relatively short periods, the first in the post-war depression years, and the second during the great depression early in the last decade. In addition to expected lags in value responses, several other considerations must be taken into account in explaining the persistently lower value levels. For one thing, the use of a gross

rather than a net income series necessitates allowance for the increased commercialization of farming as well as allowance for the higher cost levels now prevailing; levels higher than prevailed during the period before the first World War. The increased spread between net and gross incomes that has developed since the last war partly explains the change in value levels supported by gross income. Another limitation upon the use of a gross-income series for the purpose in question is the probability that the primary relationship is between land values and land income, rather than between land values and farm income.

The operation of factors aside from income that influence land values must also be taken into account. Such factors as the availability of credit, interest rates, the number of farms forced on the market because of financial distress, and farms in the hands of unwilling owners, have a direct bearing upon levels of land values. Perhaps even more important in explaining the lower value levels supported by income since the last war is (1) the change in attitudes toward landownership, in which an increase in the rate of return on land investments is required, partly as the result of a greater appreciation of the risks involved, and (2) the lessened emphasis on the expectation regarding income increase in the formulation of value judgments. It is also possible that farmers as a group are now more reluctant to support values at levels that cut too deeply into living standards.

Current interest centers around the extent to which the attitudes regarding values and other influences prevailing during recent years will continue to condition responses made by values to changes in income during the present war.

Possible Developments Resulting From Wartime Economic Conditions

Purely economic considerations as well as experiences gained during the last quarter-century would appear to operate toward continued cautious value responses to higher income levels arising from wartime production and prices. In an economic approach, emphasis would be placed on long-run earning capacity. But due weight would be given to ownership risks and adequate consideration would be given to the implications of the necessity for the United States eventually to become either an agricultural-exporting nation or to contend frequently with serious problems of surplus-producing capacity. The application of past experience to the future would lead to the treatment of the price and income rises associated with the war as but one phase of a cyclical movement which is likely to include a downward phase.

But several possible developments in the rapidly changing economic conditions may bring changes in attitudes and circumstances that will affect the farm real estate market. Perhaps those associated with inflationary expectations are the most unpredictable. Certain of the conditions, considered to be favorable to some degree of price inflation, have existed for several years, and it is probable that many investors think that the war may provide the stimulus that has been lacking. Reports of increased purchases by nonfarmers, particularly

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in farming areas adjacent to metropolitan centers, are probably attributable in part to the desire of such groups for investments that will hedge against inflation. But the formulation of governmental programs to curb inflationary developments through price control and the withdrawal of purchasing power through taxation and borrowing activities place the problem of inflationary possibilities in a different light. They substantially reduce the probability of rises in the prices of farm real estate as great as those that occurred during and after the last war.

An additional explanation of nonfarmer interest in farm real estate purchases includes the low rates of return that may be obtained on alternative investments. Other miscellaneous considerations lead to purchases by groups that give only secondary consideration to the economic productivity of the land bought. Thus far the activities of nonfarm purchasers have been significant only in relatively limited areas; only a limited increase for the country as a whole in the proportion of purchases by such persons is evidenced. Any increased activity on their part might well make prices of land advance more rapidly than would otherwise be the case.

The relatively low rates of return on alternative investments may also influence values through affecting the lending as well as the real estate disposal policies of corporate lending agencies. Rather active competitive bidding for loans may result from attempts to invest funds at relatively favorable rates, and may indirectly support increases in land values.

Farmer attitudes with respect to future income expectations may also change. With increases in price and income and with increased activity in farm real estate sales, attitudes resembling those prevailing during and immediately after the first World War may develop. At that time it was thought that the European demand for agricultural products would continue at high levels throughout the reconstruction period. The reappearance of a similar attitude is within the realm of possibility. In general, the background for developments then was so different from the background now that new explanations for changes in attitudes may not spread nearly so rapidly as was the case during the last upsurge in values. Unforeseen developments of various kinds are probably to be expected under rapidly changing situations and these developments may alter previous judgments.

In evaluating increases in land values, a distinction should be made between those fully reflecting emergency price situations and those that are in line with reasonable income expectations. Thus, value stability at current levels is not necessarily desirable in all areas, as values in many of the principal farming areas are still in process of adjustment. It is probable that conditions associated with the war will make possible a rather rapid readjustment in values where, owing to various circumstances, values are lower than the long-term expectations would warrant. Value increases of this type have quite different implications with respect to future security from increases based upon the capitalization of unusually favorable temporary conditions.

Regional Changes in Values and Incomes

Changes in income have had a dominating influence on the changes in farm real estate values in the various regions, as in the United States as a whole. Similar forces have also operated to condition the value response to income changes, although their effect has varied in the different regions.

The relationship between income and values during the years since 1924 for five of the principal agricultural regions is summarized in the diagrams in figure 6. In this illustration the regions are represented only by those States of which the major part lies within the given region. The Corn Belt is represented by Indiana, Illinois, Iowa, and Nebraska; and the wheat region by North Dakota, Kansas, and Montana; Minnesota, Wisconsin, Michigan, New York, and Pennsylvania have been selected as representative of the hay and dairy region; and Wyoming, New Mexico, Utah, and Nevada, of the grazing region. The States chosen to represent the Cotton Belt are South Carolina, Georgia, Alabama, Mississippi, Oklahoma, Texas, Louisiana, and Arkansas. This selection of States gives regions that are substantially more uniform than the customary geographic divisions.

As the Bureau's data on farm real estate values are collected as of March 1, the values for a given year, 1942 for example, have been plotted as of the preceding calendar year. The farm real estate values are in index form with values in the period 1925–29 being used as 100.

The index-of-income series is presented in the chart (fig. 6) with a base period 1924–28=100, and is based, for the years 1924–29, on estimates of gross income from farm production by States. For later years the index has been computed on the basis of changes that have occurred in estimates of receipts from farm marketings as they have been somewhat more currently available.

The cash-income and gross-income series, although closely related, differ in certain respects. The list of commodities included in the estimates of gross income is slightly more comprehensive than the list from which the receipts from monthly marketings are estimated. Moreover, the gross-income estimates are derived by evaluating the production of livestock and livestock products at prices for the calendar year, and the production of crops at average prices for the crop year during which the crops are marketed. The series on receipts from marketing, as its name implies, records the estimated current receipts from marketing for the principal crops, livestock, and livestock products. The relation between the two series is close for each region, and it appears from comparison that the use of the data on receipts from marketings leads to substantially the same inferences as would the use of the series on gross income throughout.

The two lines presented in the diagrams indicate the way in which changes in farm income have been associated with changes in values during the period in the several regions (fig. 6). It will be noted that although the movements in land values have been slower and less drastic than the movements in incomes, the trend of values in each of the regions represented, in general, has tended to be the same as that for incomes.

But certain differences between regions must be taken into account. Values declined appreciably in the Corn Belt and in the hay and dairy region during 1924–29, whereas the index of income remained relatively level. This indicates that complete adjustment of farm real estate values to the new level of incomes, following the 1920–21 break, had not been fully realized. Although the decline in income was greater than the decline in values, from 1929 to 1932 in all the regions, the difference was less in certain regions than in others. For example, in the wheat region the decline in values was roughly one-half as great as the decline in income, whereas in the Corn Belt values dropped more nearly in proportion to income. Values and income in all regions reached low points in 1932. The upturn in values after 1932 was proportionately less in all regions than the

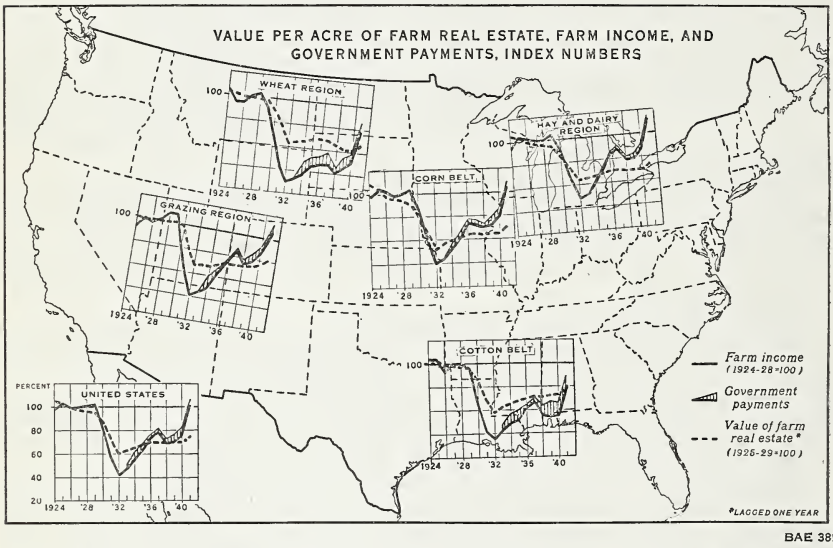

FIGURE 6.—The increased relative farm-income level for the United States as a whole in 1941 also prevailed in each of the selected regions. The comparable farm real estate value index also increased in all regions, although the increases for values were less than for incomes, as would ordinarily be expected.

increase in incomes, indicating a tendency for farm real estate values to lag behind changes in income; but here again the relationship varied in the different regions (table 6).

During the 5-year period from 1932–37, the substantial increases that occurred in farm income were associated with relatively mild increases in farm land values in each of the regions considered, as well as for the United States as a whole. In two of the regions, the incomes increased more than 100 percent and in the other three areas the increases were 90 percent or more above the 1932 level, whereas increases in farm land values did not exceed 25 percent in any region considered.

Farm real estate values during the 5-year period ended March 1, 1941 changed very little in any of the regions. The lower incomes

in 1938 tended to counteract the effects of the steadily increasing income for the 5 preceding years. In 1941 sharp increases in farm income were reported in all regions; the largest, amounting to approximately 45 percent, occurred in the Wheat Belt. All regions also showed substantial increases in land values. The largest increase for the regions considered occurred in the Corn Belt, where values reported for March 1942 were 9 percent above those for 1941. Although the index of income for the United States increased almost 30 percent in 1941, the index of values increased only 7 percent. The relative value and income levels for the United States as a whole during 1941 are therefore farther apart than during the several preceding years.

TABLE 6.—*Index of value per acre of farm real estate and index of income from farm production, by regions, 1924–42* [1]

[Index of value per acre of farm real estate: 1925–29=100. Index of income 1924–28=100]

Region	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
Corn Belt:										
Income	97	103	102	98	100	103	87	60	40	46
Value of farm real estate	113	109	105	97	95	94	91	81	67	52
Wheat region:										
Income	106	95	95	101	104	94	69	45	30	34
Value of farm real estate	108	103	101	99	99	98	98	90	77	63
Hay and dairy region:										
Income	94	104	102	100	100	104	91	66	48	52
Value of farm real estate	110	105	103	99	97	96	94	85	75	64
Cotton Belt:										
Income	104	104	93	100	100	96	64	41	35	48
Value of farm real estate	99	104	103	99	98	97	96	86	69	58
Grazing region:										
Income	92	101	98	101	108	108	81	59	41	45
Value of farm real estate	105	101	99	100	100	100	101	99	80	67
United States:										
Income	98	103	99	100	101	102	82	57	42	50
Value of farm real estate	107	105	103	99	97	96	95	88	73	60

Region	1934	1935	1936	1937	1938	1939	1940	1941	1942
Corn Belt:									
Income	[2] 56	[2] 64	78	[2] 76	[2] 71	[2] 77	[2] 84	[2] 107	------
Value of farm real estate	56	59	62	64	65	64	64	64	70
Wheat region:									
Income	[2] 47	[2] 52	54	58	[2] 46	[2] 54	[2] 59	[2] 85	------
Value of farm real estate	65	66	68	69	68	[2] 65	62	62	66
Hay and dairy region:									
Income	[2] 61	73	85	[2] 89	[2] 79	[2] 82	[2] 91	[2] 113	------
Value of farm real estate	65	66	68	70	70	69	69	69	73
Cotton Belt:									
Income	[2] 58	[2] 59	65	[2] 72	[2] 64	[2] 68	67	89	------
Value of farm real estate	63	66	68	70	72	71	72	73	78
Grazing region:									
Income	[2] 61	[2] 65	77	[2] 88	[2] 79	[2] 86	[2] 91	[2] 112	------
Value of farm real estate	68	68	71	73	73	73	74	76	81
United States:									
Income	[2] 60	[2] 68	77	[2] 82	[2] 73	[2] 77	[2] 81	[2] 105	------
Value of farm real estate	63	65	68	70	70	[2] 69	70	70	75

[1] The index numbers of income from 1924 to 1929 are based on Bureau of Agricultural Economics estimates of gross income from farm production, and from 1929 to date upon Bureau estimates of receipts from monthly marketings, owing to the more current availability of the latter series. The index of value per acre of farm real estate applies to Mar. 1 of each year; hence 1925–29 is used as 100 percent as being most nearly comparable to the base period 1924–28, which is taken as 100 percent for the data relating to income.

[2] Revised.

RATIO OF CASH RENT TO VALUE

In the foregoing discussion of general trends in farm real estate values, no attempt is made to apportion the total income among the various productive factors. To get a more direct measure of value

and income relationships, it is necessary to isolate land income from total farm income. Use of cash rents for such a purpose has many advantages: they provide a measure of the returns more directly attributable to land, the data can be obtained readily, and the further deductions to measure net land income can be approximated on the basis of available data.

Cash Rents Respond Slowly to Changes in Farm-Commodity Prices

Although levels of cash rent influence the formulation of value judgments through providing a measure of the land income that may be obtained if arrangements for cash rental are contemplated, their use as an indication of general land income frequently has definite limitations. For periods in which prices of farm products are relatively stable, it is probable that the average value of net returns from cash and share rents over a series of years would approximate each other. For such situations cash rents could be used as a general measure of the income attributable to land.

But for periods in which farm prices are changing significantly, it is probable that the lag in the response of cash rents to changes in income is sufficient to invalidate their use as a general measure of land income. Part of the lag in cash rent is due to the influence of custom, which tends to curb flexibility, whereas a part is due to longer term rental contracts. Custom is probably even more evident in arrangements for share rentals; but the influence of more or less fixed shares upon changes in the value of rents is much less direct; and significant changes in rental values are possible because of changes in price and production even though fractional shares are substantially unchanged.

In contrast, the lag in cash rents directly affects the final rent payment, with the value of the cash-rent payments considerably less flexible than the value of the share-rent payments. The result is that, during periods of rapidly changing incomes the value of share rents approaches more nearly the changes in farm incomes, and the change in cash rents is considerably slower. During periods of increasing prices, cash rents are probably biased downward and understate the share that land in general may claim. Conversely, when farm prices are falling cash rents have an upward bias, and overstate land income. Furthermore, the use of contract rents introduces a further limitation during periods of rapid changes in price. With prices moving up, the probabilities are that most of the contracts are paid in full. With prices declining, delinquencies and revisions are usually encountered to a considerably greater extent in cash than in share contracts.

It would appear that the value of rents based on shares is considerably more sensitive to changes in farm income than are cash rents, and the significance of the latter as a measure of general land income is limited mainly to periods of stable price. Cash rents are still significant as a measure of the land income for the considerable areas of land that are rented on a cash basis. In 1940, approximately one-fourth of the tenant-operated land was rented entirely for cash. This was about the same as the proportion rented on this basis in 1930. The percentage rented for cash in the North Central States is somewhat lower than for the United States as a whole, with approximately 17 percent of the tenant-operated land rented for cash in 1940.

Ratio of Rents to Values Generally Higher

Crop reporters for the United States Department of Agriculture have reported the average cash rent paid in their communities each year since 1921, together with the estimated value of the land so rented. The data in tables 7 and 8 for the years since 1921 have been prepared upon the basis of such reports. As the landlord has certain expenses to pay from his share of the income and as it is presumably the relation of net rent to value that is most significant, deductions from gross rents have been made for taxes, depreciation, and repairs, to obtain an approximation to net rents. Data on real estate taxes per acre, by States, are based on estimates made by the Bureau, and an allowance for depreciation and repairs to buildings has been calculated as 3 percent of the building values. The results, although not applicable to any specific farm, are believed to be representative of the general trends in the returns to cash-rented lands.

TABLE 7.—*Approximate gross and net cash rent per acre of farm real estate in Iowa and proportion of current value of land, based on current rents, 1900–1942*

Year	Average value per acre of cash-rented land	Gross cash rent per acre	Taxes plus estimated depreciation and repairs per acre [1]	Approximate net rent per acre	Ratio of rent to value		Net rent capitalized at 5½ percent	Proportion of value represented by capitalized net rent
					Gross rent	Net rent		
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Percent*	*Percent*	*Dollars*	*Percent*
1900	44	3.88	0.42	3.46	8.8	7.9	63	143
1901	50	3.89	.46	3.43	7.8	6.9	62	124
1902	58	3.90	.51	3.39	6.7	5.8	62	107
1903	66	3.99	.60	3.39	6.0	5.1	62	94
1904	72	4.15	.62	3.53	5.8	4.9	64	89
1905	73	4.25	.62	3.63	5.8	5.0	66	90
1906	73	4.33	.60	3.73	5.9	5.1	68	93
1907	80	4.45	.65	3.80	5.6	4.8	69	86
1908	85	4.61	.67	3.94	5.4	4.6	72	85
1909	91	4.84	.71	4.13	5.3	4.5	75	82
1910	99	5.05	.75	4.30	5.1	4.3	78	79
1911	104	5.18	.82	4.36	5.0	4.2	79	76
1912	110	5.39	.86	4.53	4.9	4.1	82	75
1913	120	5.49	1.04	4.45	4.6	3.7	81	68
1914	125	5.90	1.06	4.84	4.7	3.9	88	70
1915	135	6.31	1.13	5.18	4.7	3.8	94	70
1916	153	6.76	1.23	5.53	4.4	3.6	101	66
1917	160	7.13	1.35	5.78	4.5	3.6	105	66
1918	175	7.68	1.42	6.26	4.4	3.6	114	65
1919	191	8.47	1.64	6.83	4.4	3.6	124	65
1920	255	9.65	2.03	7.62	3.8	3.0	139	55
1921	236	8.08	2.14	5.94	3.4	2.5	108	46
1922	188	7.42	2.18	5.24	3.9	2.8	95	51
1923	170	7.39	2.12	5.27	4.3	3.1	96	56
1924	164	7.38	2.15	5.23	4.5	3.2	95	58
1925	154	7.39	2.07	5.32	4.8	3.5	97	63
1926	153	7.55	2.10	5.45	4.9	3.6	99	65
1927	149	7.69	2.15	5.54	5.2	3.7	101	68
1928	142	7.75	2.15	5.60	5.5	3.9	102	72
1929	140	7.79	2.22	5.57	5.6	4.0	101	72
1930	130	7.77	2.20	5.57	6.0	4.3	101	78
1931	114	7.43	1.99	5.44	6.5	4.8	99	87
1932	93	6.08	1.73	4.35	6.5	4.7	79	85
1933	70	4.46	1.45	3.01	6.4	4.3	55	79
1934	78	4.99	1.47	3.52	6.4	4.5	64	82
1935	81	5.21	1.60	3.61	6.4	4.5	66	81
1936	88	5.70	1.70	4.00	6.5	4.5	73	83
1937	87	5.71	1.72	3.99	6.6	4.6	73	84
1938	89	5.88	1.75	4.13	6.6	4.6	75	84
1939	86	5.86	1.79	4.07	6.8	4.7	74	86
1940	86	5.99	1.75	4.24	7.0	4.9	77	90
1941	89	6.24	[2] 1.78	4.46	7.0	5.0	81	91
1942	96	6.79	[2] 1.84	4.95	7.1	5.2	90	94

[1] Revised 1931–39.
[2] Taxes per acre are estimated for 1941 and 1942.

In making the calculations reported in the last two columns in table 7 and the whole of table 8, capitalization rates used have been constant. Rates selected are approximately those paid by farmers on mortgage indebtedness during the 1920–29 decade in the respective States.

Rates selected for this use are considered to provide conventionally acceptable standards that are useful in evaluating prevailing value and current rent relationships, even though there may be some legitimate question as to whether such rates constitute proper capitalization rates. The use of a constant capitalization rate emphasizes year-to-year changes and trends in the proportion of value represented by capitalized net rent that arise wholly out of changes in the rents and values reported. Such trends would not be altered through the use of a higher or a lower rate. Thus, the trends for individual States and the variation in trends for the different States are probably the more significant features of this tabulation, as the variation in levels between States may be due in part to differences between the actual and the assumed rates of capitalization.

From the data found in table 7, which applies to Iowa, it will be observed that after 1900, the proportion of value represented by capitalized net rents declined, and reached a low point in 1921. Until 1920 this trend was due to the more rapid increase in land values, whereas in 1921 real estate values declined less than did rents. During the decade following 1921, values continued to decline whereas rents remained relatively stable, resulting in a gradual rise in the ratio of both gross and net rent to value. During these years the proportion of value represented by capitalized net rents increased from the low of 46 percent in 1921 to 87 percent in 1931. For 1932 and 1933, net rents dropped more than values and so the ratio decreased. But during recent years both net rents and values have increased in Iowa; the somewhat larger increase occurring in net rents has brought the proportion of value represented by capitalized net rents to 94 percent for 1942.

In several of the preceding reports on the farm real estate situation, a table has been used, giving for each year since 1921, an estimate of the proportion of current value that is represented by capitalized net rents in the various West North Central States. These series of estimates have been brought up to date and, with comparable estimate for the East North Central States, are presented in table 8.

The upward trend in the proportion of values represented by capitalized net rents has been more marked in the West North Central States as a whole than in the East North Central States. The proportion prevailing during the years 1937–41 in the West North Central group was about 37 percent above the average for the 5-year period following 1922, whereas the comparable increase for the East North Central States was 22 percent. In both groups, the ratio in 1921 was higher than for several succeeding years because of a more rapid decline in values than in rents following World War I. From 1922 through 1930 the ratio of capitalized rents to values was surprisingly stable at approximately 60 percent in the East North Central group. Net rents and values were both declining at about the same rates. In contrast, there was a gradual increase in capitalized rent-value relationship in the West North Central group during this

TABLE 8.—*Approximate capitalized net cash rents and proportion of current value of land represented by capitalized net rents, North Central States, 1921–41* [1]

Item, State, and region	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941 [2]	1942 [2]
NET RENT CAPITALIZED AT APPROXIMATE MORTGAGE INTEREST RATE [3]																						
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Ohio	89	63	56	53	51	46	44	43	39	37	36	31	22	30	34	37	43	43	40	40	42	45
Indiana	98	72	66	65	60	58	56	52	52	50	45	39	34	45	46	52	56	57	54	56	53	60
Illinois	141	103	100	94	92	91	88	87	88	85	83	67	57	63	64	70	73	76	74	76	80	87
Michigan	53	44	44	44	40	39	37	35	32	28	27	24	22	27	29	36	35	34	32	34	37	42
Wisconsin	90	67	64	62	61	58	56	58	56	55	53	43	31	33	31	39	41	39	39	41	41	53
East North Central	106	78	74	70	68	66	64	63	61	59	57	47	38	44	45	51	54	55	52	54	56	64
Minnesota	80	59	51	52	50	50	52	52	52	51	48	45	33	37	38	41	43	42	41	43	45	49
Iowa	108	95	96	95	97	99	101	102	101	101	99	79	55	64	66	73	73	75	74	77	81	90
Missouri	92	64	62	60	58	57	55	54	54	52	46	39	28	32	31	36	35	37	34	35	36	42
North Dakota	23	18	18	17	15	16	15	16	16	15	13	11	10	11	10	11	10	8	8	8	8	11
South Dakota	58	36	31	29	29	28	27	30	30	30	30	23	19	18	17	18	16	17	16	16	18	20
Nebraska	76	54	51	49	49	50	49	52	53	54	54	44	31	33	31	36	31	32	32	30	29	33
Kansas	54	42	39	37	38	37	37	37	39	38	34	28	22	25	24	26	26	27	26	23	26	28
West North Central	97	64	62	61	61	62	62	63	63	63	61	50	36	40	41	45	44	45	44	45	47	52
PROPORTION OF VALUE REPRESENTED BY CAPITALIZED NET RENT																						
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
Ohio	79	64	58	59	59	53	53	55	53	52	59	57	48	60	65	65	69	70	64	64	66	62
Indiana	73	65	64	68	67	67	69	68	69	70	70	80	76	92	86	89	88	90	87	87	82	87
Illinois	65	59	60	59	60	60	60	62	64	67	72	72	72	77	73	75	75	78	76	76	78	78
Michigan	60	54	55	56	53	51	49	47	44	41	44	48	51	59	64	73	70	66	62	66	70	74
Wisconsin	74	59	60	61	64	62	62	64	63	65	73	67	56	59	52	60	61	62	66	71	75	80
East North Central	68	60	60	59	60	59	59	61	60	62	67	67	63	70	67	71	71	73	70	72	74	75
Minnesota	61	53	49	51	52	52	55	59	61	64	69	76	67	74	73	74	77	75	77	82	84	84
Iowa	46	51	56	58	63	65	68	72	72	78	87	85	79	82	81	83	84	84	86	90	91	94
Missouri	85	74	78	78	82	81	81	83	86	88	87	89	88	91	86	95	90	95	95	98	95	99
North Dakota	58	58	62	63	63	67	63	67	70	68	68	69	67	65	62	69	66	55	62	68	80	93
South Dakota	64	52	55	54	57	57	59	68	70	71	81	79	79	75	74	77	74	81	83	91	103	103
Nebraska	71	60	60	60	63	64	64	68	71	73	76	77	72	73	70	76	70	76	84	88	91	98
Kansas	71	67	65	64	67	65	65	65	68	70	71	76	67	74	71	73	70	74	76	71	80	85
West North Central	66	54	57	58	62	63	65	68	69	74	80	81	75	77	77	79	78	80	82	86	88	91

[1] Expense estimates in West North Central States revised 1931–39 on basis of 1940 census data on building values.
[2] In obtaining approximate net rents, taxes per acre are estimated for 1941 and 1942.
[3] Approximate mortgage-interest rates used: Illinois, Wisconsin, and Iowa, 5½ percent; Minnesota and Nebraska, 5¾ percent; Ohio, Indiana, Michigan, Missouri, South Dakota, and Kansas, 6 percent; North Dakota, 6½ percent.

period. Values declined more rapidly throughout the period than did values in the East North Central group, whereas rents in the West North Central States were somewhat more firm, even increasing slightly during the middle twenties.

The sharp decrease in values after 1930 raised the proportion of capitalized rents to values in both regions to levels that with some fluctuations have since been essentially maintained. The average current relationship for each region is higher than the average prevailing at any time since data became available.

Since 1921, Indiana, Illinois, Minnesota, and South Dakota have experienced about the same upward trend as Iowa in the proportion of value represented by capitalized net rents. The improved trend has been somewhat more gradual in Missouri, Kansas, and Nebraska, although substantial increases have occurred in Nebraska during the last few years.

Similarities in the trends for Michigan and Ohio are also found. In contrast to other States in the North Central group, the trend in the ratio of capitalized rent to value in Ohio and Michigan continued to decrease from 1922 to 1930, because rents decreased faster than values. As in the other States in the North Central group, the ratios since 1933 have been at higher levels.

The ratio trends have also followed much the same general pattern in Wisconsin and North Dakota. In these two States the ratios increased gradually until the early thirties. After 1932 came decreases in the ratios, and the lower levels were maintained through 1939. In recent years, the proportion of value represented by capitalized net rents in the various States has been generally higher than that reported in 1933, and in all States except Ohio the ratio is the same or higher for 1942 than that reported for 1941. In general, this increase in the ratio resulted from slightly higher increases in net cash rents than in the value of the rented land.

LAND MARKET ACTIVITY AND AGRICULTURAL CREDIT

Principal credit factors that in late years have favorably influenced land values and frequencies of transfer continued to operate in 1939, 1940 and 1941. An ample supply of credit has been available and secure farm-mortgage investments are actively being sought. Interest rates continue at relatively low levels, although it is probable that rates of return on farm mortgages still compare favorably with yields on alternative investments. Equity requirements, especially in sales of lands held by creditor agencies, also continue at low levels.

Market Activity Stimulated by Favorable Credit Influences

The problem of financing farm real estate transactions is reduced by the prevalence of plentiful supplies of credit, particularly for cases in which first mortgage loans are required. More funds than were formerly customary are also available for financing the amount of the consideration above the first mortgage. Land bank commissioner loans may be made up to 75 percent of the normal value of the property, and the tenant-purchase program of the Farm Security Administration encourages purchases with small down payments

for selected classes of buyers. In addition, contracts requiring only a limited cash payment are used extensively in the sale of lands held by creditor agencies. These reductions in equity requirements tend to strengthen values and to increase voluntary sales; as a larger number of prospective purchasers are enabled to enter the market.

Credit extension has had less influence on the volume of distress sales during recent years than has been the case for more than a decade. In the years following 1929, the rather rigid policies regarding credit extension that were generally followed forced a great deal of distressed land upon the market, and had a direct influence upon values and upon general conditions in the real estate market as well. The refinancing activities of the Federal land banks and other federally sponsored agencies in the years following 1933 had an almost opposite effect. These activities allowed many owners who were temporarily distressed to retain their farms and prevented a much more drastic liquidation of mortgage investments through security acquisition than actually occurred. By 1936, the credit position of many farmers had been materially improved by the credit refinancing and scale-down programs.

With the improvement in farm incomes, short-term obligations can be liquidated and mortgage-debt servicing costs can be met more easily out of current income, with credit needs for refinancing reduced accordingly. As a result, the number of farms now on the land market because of financial distress of the owner is probably smaller than at any time since the years immediately following the first World War.

Interest Rates Continue Low

Continuation of low interest rates has also contributed to higher values and increased sales activity. The contract rate on new Federal land bank mortgages obtained through unimpaired national farm loan associations remains at 4 percent. Land bank commissioner loan contracts bear a rate of 5 percent. But during the last several years various congressional acts have reduced the rates farmers have had to pay. Until July 1944, the interest rate payments due have temporarily been reduced to 3½ percent for most land-bank as well as land bank commissioner loans.

These reductions in interest rates have benefited farmers in several ways. Farmers having land-bank or commissioner loans have benefited directly from the saving in interest costs. Then it is probable that the continuation of the reduced rates has tended to lower the rates charged by private lenders, especially in areas in which there is effective competition. Thus, indirectly, mortgaged farmers may have benefited to some extent from these reductions. Delinquencies have been reduced because of the lower interest charges. The low rates have been particularly significant in the case of small equity purchases, where interest charges constitute a significant proportion of the total costs.

The effect of the low rates on values and transfer frequencies has probably been chiefly to induce more buyers to enter the market and offer higher bids in view of the lower ownership costs. Possibly some buyers have decided to purchase land sooner than they otherwise would have done in order to take advantage of the low rates. With the increasing use of long-term mortgages, the ad-

vantages of financing at low rates are increased, for the advantages accrue over the remaining lifetime of many borrowers.

Potentially, the most substantial effect of lower mortgage interest rates on land values is through their influence on the rate at which expected land incomes are converted into present values. Although the mortgage interest rate and the capitalization rate are probably related, their exact correspondence is questionable, and the differences appear sufficient to allow for rather extensive departures. Possible explanations of such departures include: (1) Lags in the adjustment of capitalization rates to changes in the mortgage rate, in which changes in the mortgage rate are not generally accepted until they have been in operation for a considerable period; (2) temporary forces influencing the farm real estate market, such as an extensive supply of farms available for sale; and (3) the recognition of differences in the risks of landownership as compared with mortgage risks. The last named would appear to be a more or less permanent influence operating in the direction of justifying capitalization rates in excess of the rates on first mortgages at least.

Aside from the explanation of the departures, the increases in land values that have occurred since lower interest rates became effective have fallen far short of those that might have been expected if there had been exact correspondence between the two rates. This would appear to be the conclusion even under extremely conservative income expectations. Therefore, a substantial part of the benefits from reductions in interest rate continue to be available to new purchasers of farms and have not yet been wholly absorbed by present owners.

Mortgage Recordings Increase

Although the demand for farm-mortgage loans to finance the purchase of farms appears to be increasing, the demand for all purposes has been at a low level during recent years, chiefly because of the reduced need for refinancing loans. The total mortgage recordings for 1941 are estimated at $834,000,000 for all lenders, an increase of approximately 8 percent over the amount recorded in 1940. The 1940 estimate of recordings was about 7 percent over the estimate for 1938 or 1939 when recordings were less than half the amount recorded in 1934.[3]

Loans closed by the Federal land banks and land bank commissioner in 1941 amounted to $102,100,000, an increase of about 2 percent over 1940 and approximately 30 percent over 1939. The total for 1941 was less than the amount closed in a single month in 1934.[4]

Somewhat more than one-fourth of the proceeds of land-bank loans closed in 1941 were used to buy farms and to redeem farms from foreclosure. This is a slight increase from the proportion for this purpose in 1940, and is significantly higher than the proportion in the years preceding 1937. Slightly less than two-thirds of the proceeds of loans closed in 1941 were used to refinance indebtedness. This is about the same as in the years 1937 through 1940, but is considerably lower than during the period 1933–36 when approximately 88 percent

[3] Data compiled by Farm Credit Administration, U. S. Department of Agriculture.
[4] [United States] Farm Credit Administration. Annual Reports 1–9, Washington, D. C., 1933–41.

of the proceeds of land-bank and commissioner loans closed was used for refinancing.

The estimated amount of loans recorded by lenders other than the federally sponsored agencies increased in each of the last 3 years. The estimate for 1941 was $731,900,000, approximately 60 percent more than the amount recorded in the abnormally low year for such agencies in 1934. Insurance companies, individuals, and miscellaneous lenders all reported substantial increases over 1940 in new mortgage recordings in 1941, with amounts exceeding three times the volume for 1934. Recordings by commercial banks in 1941 were approximately double the 1934 volume, and they were slightly more than the recordings for 1940. Loans recorded by individuals decreased each year from 1937–40 and in 1940 were only slightly above their 1934 level. In 1941, however, the loans recorded by individuals were approximately 10 percent above the 1940 level.

The increased interest in farm real estate mortgages by private lenders reflects the improved position of farm real estate as security for mortgage loans. In contrast to the situation in 1933 and 1934, when many agencies were pursuing a policy of liquidation, there now appears to be active competition in many areas for secure loans, with a tendency toward lower interest rates. As farm-mortgage recordings include renewals and refinancing of existing mortgage debt, they do not necessarily reflect changes in the total farm-mortgage debt. Rather, they are indicative of the volume of new mortgage credit currently made available to borrowers.

RATIO OF FARM-MORTGAGE DEBT TO VALUE OF FARM REAL ESTATE

Total value of farm land and buildings as of March 1, 1942 is estimated at $36,611,000,000 for the country as a whole. This represents an increase in value of $2,969,000,000 over the $33,642,000,000 reported by the census for January 1, 1940. The increase in farm real estate values and the decrease in mortgage debt reduced the ratio of total debt to total value for the beginning of 1942 below that reported for any year since 1921.

Total farm-mortgage debt as of January 1, 1942, is estimated at $6,750,000,000 and amounts to 18 percent of the total value of farm real estate. This ratio is just under that prevailing during most of the 1920's and again in the late thirties, although it is double the 1910 ratio, when mortgage debt was 9 percent of the value of farm real estate. The high point in the ratio was reached in 1933, with mortgage debts totaling slightly more than 28 percent of the value of farm real estate. Since 1933, the ratio has declined each year.

Estimated total value of farm land and buildings for last March is about 5 percent over the $34,801,000,000 for 1910, and somewhat more than half the value peak of $66,316,000,000 reached in 1920. The estimate of mortgage debt for the beginning of 1942 was more than double the outstanding debt in 1910, about 80 percent of that in 1920, and 63 percent of the peak of $10,786,000,000 outstanding on January 1, 1923.

Substantial declines in debt during the first half of the last decade were accomplished largely through security acquisition. During the last 2 years principal payments have been increasingly important as a

factor in reducing the total farm-mortgage debt, and foreclosures and assignments have been less significant. According to Farm Credit Administration reports, voluntary repayments during recent years have influenced the reduction of Federal land bank and Land Bank Commissioner farm-mortgage holdings. During 1941, slightly over 7 percent of the outstanding principal of land bank loans and almost 13 percent of the Land Bank Commissioner loans were retired. In addition to regular required payments of $92,394,000, borrowers repaid $33,195,000 to shorten the term of their loans and $79,488,000 to retire loans in full. As a part of the loans paid represent loans refinanced with other lenders, to this extent such payments do not constitute reductions in total mortgage debt. Amounts paid into the future-payment fund increased greatly during the last half of the year, with total accumulations exceeding $2,500,000.

During 1941 the total farm-mortgage debt declined approximately $74,000,000, or about 1 percent (table 9). The most substantial decrease occurred in the mortgage holdings of the Federal land banks and Land Bank Commissioner. On January 1, 1942, the mortgage holdings of these agencies were almost 6 percent under the previous year. These two agencies held 34.8 percent of the total farm-mortgage debt at the beginning of 1942 as compared with 36.5 percent on January 1, 1941.

TABLE 9.—*Farm-mortgage debt: Total outstanding and amounts held by selected lending agencies, United States, January 1, 1910, 1915, 1920, 1925, 1930–42* [1]

Year	Total farm-mortgage debt	Federal land banks and Land Bank Commissioner	Joint stock land banks [2]	Life insurance companies [3]	Commercial banks [4]	Three State credit agencies [5]	Farm Security Administration	
							Construction of farmstead improvements	Tenant purchase and development [6]
	1,000 dol.	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*	*1,000 dol.*
1910	3,207,863	----------	----------	386,961	406,248	----------	----------	----------
1915	4,990,785	----------	----------	669,984	746,111	----------	----------	----------
1920	8,448,772	296,386	60,038	974,826	1,204,383	(7)	----------	----------
1925	9,912,650	923,077	446,429	1,942,624	1,200,456	(7)	----------	----------
1930	9,630,768	1,185,765	626,980	2,105,477	997,468	93,274	----------	----------
1931	9,458,281	1,175,832	590,811	2,059,221	946,876	92,698	----------	----------
1932	9,214,004	1,151,659	536,644	2,007,361	940,135	93,014	----------	----------
1933	8,638,383	1,105,610	459,183	1,869,160	889,083	84,075	----------	----------
1934	7,887,119	1,273,881	392,438	1,661,046	710,863	79,574	----------	----------
1935	7,785,971	2,501,824	255,631	1,258,900	498,842	62,286	----------	----------
1936	7,638,867	2,853,966	175,677	1,054,770	487,505	48,091	----------	----------
1937	7,389,797	2,888,912	133,499	936,454	487,534	32,657	----------	----------
1938	7,214,138	2,835,962	104,163	895,470	501,450	24,657	3,615	0
1939	7,070,896	2,723,022	87,362	887,336	519,276	17,281	6,220	8,949
1940	6,909,794	2,583,901	65,719	883,414	534,170	14,823	6,353	32,212
1941	6,824,126	2,488,232	48,766	890,516	543,408	12,380	6,917	65,619
1942	[8] 6,750,000	2,350,346	33,441	[8] 906,292	535,212	(7)	(7)	112,535

[1] Excluding possessions.
[2] Including banks in receivership.
[3] Estimates based upon direct reports from life insurance companies, official reports submitted to the Insurance commissioners of the various States and the District of Columbia, and Best's Life Insurance Reports.
[4] 1935–42 insured commercial banks; prior to 1935 all open State and national banks.
[5] Rural Credit Board of South Dakota, Bank of North Dakota and Department of Rural Credit of Minnesota.
[6] Including loans from State corporation trust funds except 1942.
[7] Data unavailable.
[8] Preliminary.

Compiled from Agr. Finance Rev. and Agr. Statistics.

The three State credit agencies in North Dakota, South Dakota, and Minnesota, as well as the joint stock land banks, are in process of liquidation and their holdings continued to decline.

For the second successive year a moderate increase occurred in the holdings of life insurance companies. The increase for life insurance companies in 1940 was the first reported since 1928, when farm-mortgage investments of life insurance companies exceeded $2,000,000,000 and they held about 22 percent of the total mortgage debt. Holdings of life insurance companies on January 1, 1942 constituted 13 percent of total, a slight increase over the percentage held a year earlier. With the exception of 1941 the holdings of commercial banks have increased each year since 1936, although their holdings are still only about one-third the amount held in 1922, when an all-time peak was reached.

Although still small compared with the total mortgage debt, the holdings of the Farm Security Administration expanded rapidly in recent years. Their loans now exceed the combined holdings of joint stock land banks and the three State credit agencies.

CHANGES IN FARM OWNERSHIP

Frequency of voluntary transfers of farm real estate was higher for the country as a whole for the year ended March 15, 1942 than at any time since the years immediately following the first World War. The average number of voluntary sales and trades for the United States (including contracts to purchase but not options) was 41.7 farms per thousands of all farms for the 12 months ended last March (table 10). This was 22 percent above the level reported in 1941 and about 32 percent above that for 1937 when the highest level during the decade just past was reached. The rate for the year ended in March 1942 is more than two and one-half times that reported for 1932 and is about 50 percent above the average prevailing before 1929 (fig. 7).

Frequency of voluntary sales increased in all geographic divisions during each of the last 3 years with the exception of the Mountain Division. The largest increases occurred in the North Central States. Increases over the previous year in the frequency of voluntary sales were reported in 39 States, with decreases reported in only 9. The number of States reporting increases and decreases was practically the same as the number reporting such changes a year ago when increases occurred in 41 States and decreases in 7.

Although frequencies of voluntary sales for the country as a whole are now higher than any reported during the last two decades, the current levels in about one-fourth of the States are below those reported in 1937. In several of the West North Central States, particularly in the States where creditor agency holdings are extensive, voluntary sales levels are several times those prevailing in 1937. The increases in other areas have been less, and material decreases reported in several States were due in part to earlier disposal or more limited holdings by creditor agencies in such areas.

TABLE 10.—*Estimated number of farms changing ownership by various methods, per 1,000 of all farms, by States and geographic divisions, years ended March 15, 1938–42*

Geographic division and State	Voluntary sales and trades [1]					Forced sales and related defaults														
						Delinquent taxes					Foreclosure of mortgages, bankruptcy, etc.[2]					Total				
	1938	1939	1940	1941	1942	1938	1939	1940	1941	1942	1938	1939	1940	1941	1942	1938	1939	1940	1941	1942
	No.	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*
United States	[3] 30.5	[3] 29.7	[3] 30.2	[3] 34.1	41.7	3.1	[3] 3.5	[3] 3.3	3.4	3.1	14.3	[3] 13.5	12.6	[3] 10.5	6.2	17.4	[3] 17.0	[3] 15.9	[3] 13.9	9.3
New England	24.0	22.3	21.8	24.5	25.4	3.4	3.1	3.0	3.7	3.7	9.9	9.6	9.7	8.3	6.9	13.3	12.7	12.7	12.0	10.6
Middle Atlantic	28.4	27.6	26.1	30.8	36.8	3.8	4.2	3.8	3.6	3.0	10.3	9.3	9.4	10.3	5.5	14.1	13.5	13.2	13.9	8.5
East North Central	29.0	[3] 27.4	30.2	[3] 35.5	42.7	1.2	2.2	2.0	1.8	1.8	12.3	11.3	11.1	9.5	5.6	13.5	13.5	13.1	11.3	7.4
West North Central	[2] 27.5	[3] 27.8	[3] 32.2	[3] 37.5	50.8	3.3	[3] 4.3	4.7	5.0	3.9	23.7	23.1	22.0	[3] 16.8	10.1	27.0	[3] 27.4	26.7	[3] 21.8	14.0
South Atlantic	[3] 31.2	[3] 27.0	[3] 25.8	[3] 28.8	33.1	3.2	3.3	2.8	2.8	2.2	10.4	10.1	9.2	8.7	5.1	13.6	13.4	12.0	11.5	7.3
East South Central	37.4	[3] 36.5	32.8	33.5	42.0	3.7	3.7	2.5	1.9	2.9	10.3	[3] 9.1	8.6	8.6	4.4	14.0	[3] 12.8	11.1	10.5	7.3
West South Central	[3] 29.7	[3] 31.4	[3] 31.9	[3] 36.7	43.7	3.0	2.7	[3] 3.0	3.9	4.3	13.5	12.8	11.0	7.1	4.0	16.5	15.5	[3] 14.0	11.0	8.3
Mountain	32.3	[3] 31.6	30.4	33.7	32.7	8.1	7.8	7.0	7.6	6.4	19.2	16.4	13.3	12.4	8.1	27.3	24.2	20.3	20.0	14.5
Pacific	41.4	[3] 35.9	35.1	[3] 38.3	48.4	3.4	3.3	3.9	2.8	2.7	15.7	14.2	13.4	11.1	6.5	19.1	17.5	17.3	13.9	9.2
New England:																				
Maine	29.5	25.3	24.4	28.6	28.0	4.5	4.0	3.8	5.8	6.0	13.6	13.5	13.1	9.1	6.4	18.1	17.5	16.9	14.9	12.4
New Hampshire	23.4	23.0	22.6	23.2	24.5	4.0	3.5	3.4	3.4	3.0	6.5	6.6	6.5	7.8	5.0	10.5	10.1	9.9	11.2	8.0
Vermont	25.7	24.9	23.8	28.2	33.0	2.6	2.4	2.6	3.8	3.2	16.0	14.9	15.2	12.9	12.0	18.6	17.3	17.8	16.7	15.2
Massachusetts	19.1	18.5	19.0	20.4	20.0	3.8	3.6	3.4	3.0	3.5	7.2	6.9	7.0	7.4	7.5	11.0	10.5	10.4	10.4	11.0
Rhode Island	21.0	20.6	20.1	20.5	21.4	.9	1.0	.9	.7	.7	3.5	3.8	4.1	3.6	3.0	4.4	4.8	5.0	4.3	3.7
Connecticut	18.3	18.0	17.0	18.7	19.4	1.1	1.1	1.0	.9	.8	2.3	2.3	3.2	3.8	3.2	3.4	3.4	4.2	4.7	4.0
Middle Atlantic:																				
New York	28.9	28.2	26.8	34.2	40.8	3.9	4.5	4.1	4.2	3.6	11.1	9.2	7.7	10.7	6.4	15.0	13.7	11.8	14.9	10.0
New Jersey	27.1	24.6	26.5	28.1	27.6	4.0	3.8	5.7	4.5	4.0	13.8	14.3	15.2	17.6	6.2	17.8	18.1	20.9	22.1	10.2
Pennsylvania	27.9	27.4	25.4	27.9	34.4	3.6	4.0	3.2	2.8	2.2	9.0	8.6	10.1	8.9	4.5	12.6	12.6	13.3	11.7	6.7
East North Central:																				
Ohio	31.7	27.5	32.0	35.8	39.1	.9	2.0	1.8	1.2	1.7	8.8	7.5	7.5	5.6	4.5	9.7	9.5	9.3	6.8	6.2
Indiana	39.6	[3] 37.0	38.3	45.6	52.6	1.7	2.4	1.9	2.0	1.8	10.6	9.3	8.5	9.0	5.9	12.3	11.7	10.4	11.0	7.7
Illinois	26.8	25.9	29.4	35.5	41.1	.8	1.1	.8	.8	.6	11.0	10.2	9.4	7.2	4.9	11.8	11.3	10.2	8.0	5.5
Michigan	27.1	26.8	31.1	[3] 32.3	40.4	1.0	2.6	3.5	2.7	3.4	12.1	11.1	12.4	9.7	5.0	13.1	13.7	15.9	12.4	8.4
Wisconsin	19.2	19.9	19.6	[3] 27.9	41.3	1.5	3.0	2.2	2.9	1.9	20.3	19.7	19.2	17.3	7.9	21.8	22.7	21.4	20.2	9.8
West North Central:																				
Minnesota	[3] 34.0	[3] 31.7	34.8	[3] 37.0	43.4	3.5	4.0	4.6	4.5	4.4	20.0	18.4	18.2	[3] 12.4	9.2	23.5	22.4	22.8	[3] 16.9	13.6
Iowa	29.5	[3] 32.1	[3] 38.8	[3] 43.1	49.9	.9	1.4	1.0	1.0	.5	11.3	11.6	11.6	6.1	3.5	12.2	13.0	12.6	7.1	[4] 4.0
Missouri	31.6	[3] 33.0	37.7	[3] 40.4	56.2	4.4	4.3	4.0	4.5	2.0	22.6	21.0	17.9	10.6	4.5	27.0	25.3	21.9	15.1	[4] 6.5
North Dakota	14.0	14.4	[3] 26.3	[3] 39.9	58.9	6.7	[3] 14.9	16.3	22.5	18.9	26.2	29.5	33.1	27.0	23.5	32.9	[3] 44.4	49.4	49.5	42.4
South Dakota	[3] 18.0	[3] 25.2	[3] 34.1	[3] 48.9	64.5	7.1	9.3	12.8	12.2	9.9	46.5	41.1	35.5	24.9	13.1	53.6	50.4	48.3	37.1	23.0
Nebraska	21.2	20.8	20.0	28.3	47.1	2.6	3.1	4.1	1.8	2.9	36.3	36.8	32.6	31.1	21.4	38.9	39.9	36.7	32.9	24.3
Kansas	26.5	[3] 22.6	23.1	27.0	44.2	1.4	1.7	1.8	2.6	1.5	23.8	24.0	26.0	25.3	11.9	25.2	25.7	27.8	27.9	13.4

South Atlantic:																				
Delaware	21.0	17.9	20.4	19.9	20.0	1.5	1.0	.8	.6	.6	10.9	8.3	11.8	8.3	9.0	12.4	9.3	12.6	8.9	9.6
Maryland	23.6	23.0	25.3	[3] 37.7	48.2	2.0	1.5	1.4	2.3	1.1	9.5	8.0	8.0	7.8	2.4	11.5	9.5	9.4	10.1	3.5
Virginia	28.1	27.4	27.5	29.8	29.9	2.6	3.0	2.2	2.4	1.4	11.6	11.9	11.1	11.5	5.3	14.2	14.9	13.3	13.9	6.7
West Virginia	23.5	22.1	18.6	15.9	28.0	3.3	3.4	2.7	2.3	3.0	12.5	12.7	9.2	6.6	3.2	15.8	16.1	11.9	8.9	6.2
North Carolina	[3] 32.8	[3] 30.1	26.2	23.6	26.0	3.5	2.9	2.5	2.4	1.3	9.9	9.4	9.4	7.9	5.0	13.4	12.3	11.9	10.3	6.3
South Carolina	28.4	23.5	[3] 30.4	33.1	36.1	3.8	3.5	4.4	5.1	4.3	11.0	9.9	9.1	8.1	4.2	14.8	13.4	13.5	13.2	8.5
Georgia	31.5	29.9	25.4	[3] 35.6	44.6	3.6	4.4	3.1	2.4	2.2	9.1	9.2	7.4	9.5	6.6	12.7	13.6	10.5	11.9	8.8
Florida	28.0	24.6	21.5	[3] 32.5	30.5	2.8	3.8	2.4	2.9	3.3	8.5	7.7	7.6	6.6	6.5	11.3	11.5	10.0	9.5	9.8
East South Central:																				
Kentucky	31.0	[3] 37.6	37.2	34.7	49.7	2.6	2.9	1.6	1.2	1.7	7.2	7.6	7.0	8.9	3.7	9.8	10.5	8.6	10.1	5.4
Tennessee	40.9	37.2	33.9	36.8	49.5	2.0	3.0	2.1	2.0	3.5	12.3	10.0	7.6	7.8	2.3	14.3	13.0	9.7	9.8	5.8
Alabama	40.0	36.7	29.9	30.1	32.4	2.4	2.6	3.2	2.2	1.6	7.4	[3] 8.8	10.9	10.1	5.1	9.8	[3] 11.4	14.1	12.3	6.7
Mississippi	39.3	33.8	28.4	31.3	31.6	9.4	7.3	3.5	2.5	5.2	15.5	10.6	9.6	7.3	7.6	24.9	17.9	13.1	9.8	12.8
West South Central:																				
Arkansas	35.6	[3] 41.5	[1] 43.4	[2] 48.8	50.6	5.9	4.9	5.0	6.5	3.1	17.1	13.7	12.7	6.8	3.9	23.0	18.6	17.7	13.3	7.0
Louisiana	23.5	[2] 18.2	17.1	18.0	21.0	2.3	1.8	1.8	2.4	3.1	10.5	10.8	9.8	8.9	4.8	12.8	12.6	11.6	11.3	7.9
Oklahoma	[3] 31.5	[3] 35.9	36.5	[2] 43.0	53.5	2.7	3.5	5.4	7.8	9.4	14.1	13.6	11.0	8.0	6.0	16.8	17.1	16.4	15.8	15.4
Texas	[3] 27.9	[3] 28.2	28.4	[3] 33.1	41.7	2.0	1.6	[3] 1.3	1.2	2.6	12.5	12.6	10.6	6.3	2.9	14.5	14.2	[3] 11.9	7.5	5.5
Mountain:																				
Montana	24.5	[3] 27.0	30.3	39.6	36.6	10.9	12.4	10.6	12.7	9.8	20.5	16.1	10.8	12.2	8.1	31.4	28.5	21.4	24.9	17.9
Idaho	43.0	38.7	29.0	34.4	33.2	4.1	2.6	3.9	1.9	1.2	16.3	11.5	8.2	9.6	6.0	20.4	14.1	12.1	11.5	7.2
Wyoming	32.5	29.5	29.2	34.7	36.5	3.7	4.0	5.4	5.3	2.6	12.6	12.7	15.4	12.5	7.5	16.3	16.7	20.8	17.8	10.1
Colorado	37.8	[3] 38.3	37.0	36.8	35.0	9.4	8.2	6.0	8.5	9.6	26.4	21.6	17.3	12.9	8.9	35.8	29.8	23.3	21.4	18.5
New Mexico	33.0	31.7	34.7	33.5	32.0	9.5	9.0	7.9	9.2	6.4	17.5	18.5	15.0	14.8	8.7	27.0	27.5	22.9	24.0	15.1
Arizona	30.1	28.2	26.0	32.9	36.0	8.9	7.8	7.2	8.8	5.8	10.2	9.3	8.8	8.6	5.0	19.1	17.1	16.0	17.4	10.8
Utah	19.0	17.9	17.2	16.6	17.8	7.6	8.0	7.4	5.0	4.6	16.2	16.0	15.0	14.5	10.6	23.8	24.0	22.4	19.5	15.2
Nevada	20.3	18.5	19.5	20.4	25.0	5.6	4.8	4.1	4.0	4.0	13.3	13.4	14.5	13.8	8.2	18.9	18.2	18.6	17.8	12.2
Pacific:																				
Washington	40.3	[3] 33.6	36.6	41.3	34.6	4.9	5.6	5.0	3.2	2.6	17.8	15.5	12.4	7.8	3.4	22.7	21.1	17.4	11.0	6.0
Oregon	41.4	38.0	37.8	[3] 46.5	50.4	3.7	3.0	4.6	4.6	5.8	19.2	14.3	15.7	11.9	10.0	22.9	17.3	20.3	16.5	15.8
California	42.0	36.3	33.1	33.3	55.0	2.4	2.2	3.0	1.8	1.4	13.2	13.5	13.0	12.6	6.8	15.6	15.7	16.0	14.4	8.2

[1] Including contracts to purchase (but not options).
[2] Including loss of title by default of contract, sales to avoid foreclosure, and surrender of title or other transfers to avoid foreclosure.
[3] Revised.

TABLE 10.—*Estimated number of farms changing ownership by various methods per 1,000 of all farms, by States and geographic divisions, years ended March 15, 1938–42*—Continued

Geographic division and State	Inheritance and gift					Administrators' and executors' sales [4]					Miscellaneous and unclassified					Total all classes				
	1938	1939	1940	1941	1942	1938	1939	1940	1941	1942	1938	1939	1940	1941	1942	1938	1939	1940	1941	1942
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
United States	7.7	7.6	7.2	[3] 6.1	5.7	8.2	8.0	8.2	8.1	8.0	1.6	1.5	1.5	1.5	1.4	[3] 65.4	[3] 63.8	[3] 63.0	[3] 63.7	66.1
New England	8.1	8.5	8.2	8.1	7.5	5.7	5.7	5.8	5.7	5.9	1.4	1.6	1.4	1.2	1.5	52.5	50.8	49.9	51.5	50.9
Middle Atlantic	8.2	6.9	7.0	[3] 7.0	6.4	7.6	8.3	8.7	7.6	9.0	1.1	1.6	1.2	1.3	1.3	59.4	57.9	56.2	[3] 60.6	62.0
East North Central	7.0	7.1	6.9	[3] 5.7	5.2	10.9	10.3	10.6	11.5	10.2	1.4	1.1	1.1	1.4	1.2	61.8	[3] 59.4	61.9	[3] 65.4	66.7
West North Central	7.9	8.1	[3] 7.1	[3] 5.6	4.4	8.4	8.6	8.5	8.6	8.7	1.8	1.4	1.6	1.5	1.4	[3] 72.6	[3] 73.3	[3] 76.1	[3] 75.0	79.3
South Atlantic	9.5	10.1	10.2	[3] 8.6	7.9	9.5	8.3	8.9	8.6	8.7	1.4	1.3	1.2	1.5	1.0	[3] 65.2	[3] 60.1	[3] 58.1	[3] 59.0	58.0
East South Central	8.0	8.0	[3] 6.1	[3] 5.4	5.5	8.8	8.9	8.6	8.4	7.7	1.7	1.6	1.9	1.3	1.4	69.9	[3] 67.8	[3] 60.5	[3] 59.1	63.9
West South Central	7.6	6.1	5.8	[3] 5.4	5.9	5.3	5.0	5.5	5.0	5.2	2.0	2.0	1.8	1.8	2.1	[3] 61.1	[3] 60.0	[3] 59.0	[3] 59.9	65.2
Mountain	4.7	4.4	4.5	4.6	4.0	4.8	5.0	5.1	5.4	5.7	1.4	1.6	1.7	1.4	1.8	70.5	[3] 66.8	62.0	65.1	58.7
Pacific	5.3	4.9	4.9	[3] 4.5	4.2	5.2	5.7	5.4	4.8	5.7	2.7	2.3	2.3	1.9	2.2	73.7	[3] 66.3	65.0	[3] 63.4	69.7
New England:																				
Maine	9.8	10.6	10.1	9.5	8.8	5.6	5.5	5.3	5.7	6.5	1.5	2.0	1.4	1.1	1.5	64.5	60.9	58.1	59.8	57.2
New Hampshire	7.9	8.0	7.9	7.9	7.4	4.5	4.0	5.5	5.2	5.8	1.0	1.6	1.2	1.5	1.2	47.3	46.7	47.1	49.0	46.9
Vermont	6.1	6.1	6.0	5.7	5.4	10.7	10.2	10.6	9.8	9.8	1.9	1.5	1.5	1.2	1.3	63.0	60.0	59.7	61.6	64.7
Massachusetts	7.0	7.2	7.1	7.1	6.9	3.0	3.9	3.3	3.3	3.0	1.2	1.3	1.1	.9	2.1	41.3	41.4	40.9	42.1	43.0
Rhode Island	6.2	6.0	6.0	6.1	5.8	4.5	4.4	4.3	4.3	4.2	1.0	1.0	.9	.9	1.0	37.1	36.8	36.3	36.1	36.1
Connecticut	9.0	9.6	8.9	9.8	8.6	5.0	5.3	5.1	5.0	4.6	1.4	1.2	1.8	1.5	1.4	37.1	37.5	37.0	39.7	38.0
Middle Atlantic:																				
New York	8.2	7.3	7.2	[3] 7.5	6.7	6.1	5.0	5.6	5.4	6.5	1.2	1.3	1.1	.8	.9	59.4	55.5	52.5	[3] 62.8	64.9
New Jersey	7.0	6.1	7.3	7.1	6.6	8.2	8.8	8.4	8.9	8.7	.9	1.0	1.0	1.8	.9	61.0	58.6	64.1	68.0	54.0
Pennsylvania	8.3	6.7	6.8	6.6	6.0	9.0	11.3	11.7	9.4	11.4	1.1	2.0	1.4	1.6	1.7	58.9	60.0	58.6	57.2	60.2
East North Central:																				
Ohio	7.7	8.8	8.9	[3] 7.2	6.7	13.2	11.5	11.9	12.8	11.5	1.3	1.0	.9	1.2	1.4	63.6	58.3	63.0	[3] 63.8	64.9
Indiana	7.0	8.3	7.8	[3] 6.4	5.9	12.1	11.5	13.0	13.7	12.9	1.5	1.3	1.0	1.7	.6	72.5	[3] 69.8	70.5	[3] 78.4	79.7
Illinois	8.6	7.6	6.5	[3] 5.6	4.7	13.4	14.3	13.8	14.0	10.5	1.4	1.2	1.1	.9	1.2	62.0	60.3	61.0	[3] 64.0	63.0
Michigan	6.1	5.5	5.8	[3] 4.5	4.0	7.9	6.8	7.5	9.1	8.5	1.2	1.0	1.3	1.1	.7	55.4	53.8	61.6	[3] 59.4	62.0
Wisconsin	5.3	5.0	4.9	[3] 4.6	4.6	6.7	6.4	6.0	7.3	7.1	1.5	1.1	1.1	2.3	1.8	54.5	55.1	53.0	[3] 62.3	64.6
West North Central:																				
Minnesota	6.5	6.8	6.2	[3] 6.1	4.4	8.5	8.2	7.8	7.5	8.7	2.3	1.3	2.5	1.2	1.1	[3] 74.8	[3] 70.4	74.1	[3] 68.7	71.2
Iowa	6.3	7.1	6.5	[3] 4.8	4.5	9.2	10.7	11.6	11.1	11.0	1.8	1.5	1.0	.9	1.8	59.0	[3] 64.4	[3] 70.5	[3] 67.0	71.2
Missouri	8.3	7.7	7.2	[3] 5.6	4.7	9.5	9.2	8.6	9.0	8.6	1.9	1.6	1.3	2.3	1.4	78.3	[3] 76.8	76.7	[3] 72.4	77.4
North Dakota	5.7	6.5	6.2	[3] 3.9	3.1	3.9	4.3	5.0	4.2	5.4	1.6	1.3	1.4	.8	1.5	58.1	[3] 70.9	[3] 88.3	[3] 97.4	111.3
South Dakota	10.2	8.8	[3] 6.9	[3] 3.8	2.9	8.5	6.6	5.7	6.1	5.2	1.7	1.2	2.7	1.3	1.0	[3] 92.0	[3] 92.2	[3] 97.7	[3] 97.2	96.6
Nebraska	9.6	10.6	[3] 7.5	[3] 5.1	3.4	8.3	9.3	8.1	9.4	9.1	1.4	1.1	1.4	2.4	2.0	79.4	81.7	[3] 73.7	[3] 78.1	85.9
Kansas	9.2	10.2	9.1	[3] 8.4	6.0	7.7	8.0	8.5	8.9	8.5	1.2	1.3	1.8	1.0	.8	69.8	[3] 67.8	70.3	[3] 73.2	72.9
South Atlantic:																				
Delaware	11.4	11.0	10.2	9.6	9.1	11.6	10.0	11.7	10.2	10.4	1.6	1.4	1.2	.9	.8	58.0	49.6	56.1	49.5	49.9
Maryland	9.6	10.6	9.3	9.5	8.0	10.9	9.1	13.4	10.2	11.2	1.8	1.3	1.3	2.0	.7	57.4	53.5	58.7	[3] 69.5	71.6
Virginia	10.0	11.2	11.5	[3] 9.6	7.4	11.9	9.3	10.6	11.7	11.1	1.0	1.2	1.1	1.4	1.5	62.5	64.0	64.0	[3] 66.4	56.6

West Virginia	8.8	8.7	8.0	8.2	8.3	5.6	6.3	5.9	5.5	5.6	1.3	1.3	1.0	1.0	1.8	55.0	54.5	45.4	39.5	49.9
North Carolina	9.8	10.8	10.9	[3]8.5	8.8	10.4	8.5	8.5	8.0	8.2	1.8	1.1	1.1	1.2	.6	[3]68.2	[3]62.8	58.6	[3]51.6	49.9
South Carolina	10.1	11.1	10.7	[3]8.2	8.4	9.4	8.7	9.6	10.4	9.0	1.4	1.3	1.3	1.4	1.0	64.1	58.0	[3]65.5	[3]66.3	63.0
Georgia	8.6	8.0	9.1	[3]8.0	7.4	8.9	9.1	8.8	6.8	8.5	1.5	1.5	1.0	2.3	.9	63.2	62.1	54.8	[3]64.6	70.2
Florida	9.0	8.6	8.9	[3]7.4	5.8	4.5	3.6	3.4	5.1	4.7	1.2	1.4	2.2	2.2	1.0	54.0	49.7	46.0	[3]56.7	51.8
East South Central:																				
Kentucky	8.9	9.3	5.8	[3]4.3	4.5	10.3	11.4	9.7	10.2	8.6	2.2	1.8	2.0	1.3	1.1	62.2	[3]70.6	63.3	[3]60.6	69.3
Tennessee	9.2	9.0	[3]6.3	[3]6.6	6.9	11.6	9.8	9.2	9.5	8.0	1.8	1.6	1.3	1.6	2.0	77.8	70.6	[3]60.4	[3]64.3	72.2
Alabama	6.9	6.5	7.6	[3]6.2	5.8	6.4	7.6	8.3	7.4	7.5	1.0	1.1	1.6	1.0	1.5	64.1	[3]63.3	61.5	[3]57.0	53.9
Mississippi	6.2	6.3	[3]4.6	[3]4.4	4.6	5.8	5.6	6.7	5.3	6.0	1.6	1.9	2.9	1.2	.8	77.8	65.5	[3]55.7	[3]52.0	55.8
West South Central:																				
Arkansas	7.3	6.8	5.5	[3]4.8	4.8	4.5	4.3	4.8	4.1	6.1	1.1	1.3	1.8	1.9	1.0	71.5	[3]72.5	[3]73.2	[3]72.9	69.5
Louisiana	7.8	6.5	6.9	[3]5.1	5.3	6.2	6.8	5.4	5.6	5.2	1.1	1.4	1.2	1.3	1.2	51.4	[3]45.5	42.2	[3]41.3	40.6
Oklahoma	5.5	4.8	5.1	[3]4.0	4.5	5.7	5.5	5.8	4.8	4.8	1.3	2.8	1.8	1.1	2.2	[3]60.8	[3]66.1	65.6	[3]68.7	80.4
Texas	8.7	6.4	5.9	6.5	7.2	5.2	4.7	5.6	5.4	5.1	2.7	2.1	2.0	2.2	2.8	[3]59.0	[3]55.6	[3]53.8	[3]54.7	62.3
Mountain:																				
Montana	4.5	4.2	4.9	4.3	3.5	5.8	5.6	6.2	5.2	7.2	1.5	1.8	2.0	1.7	2.5	67.7	[3]67.1	64.8	75.7	67.7
Idaho	4.0	3.8	3.6	3.7	3.1	6.2	5.8	6.6	7.5	6.5	1.1	1.4	1.2	1.0	.8	74.7	63.8	52.5	58.1	50.8
Wyoming	3.9	4.1	4.3	4.1	3.2	4.9	5.0	4.9	5.8	5.6	1.0	1.3	1.6	1.3	1.1	58.6	56.6	60.8	63.7	56.5
Colorado	5.2	4.5	4.2	4.4	3.8	3.9	4.7	4.0	4.9	6.4	1.8	2.1	2.5	2.1	3.0	84.5	[3]79.4	71.0	69.6	66.7
New Mexico	5.1	5.0	5.2	6.0	5.0	4.6	4.5	4.1	4.6	4.2	1.2	1.5	1.2	1.1	1.0	70.9	70.2	68.1	69.2	57.3
Arizona	4.4	4.2	4.3	4.1	4.1	4.1	3.8	4.8	5.1	3.8	1.1	1.4	1.9	1.3	2.4	58.8	54.7	53.0	60.8	57.1
Utah	4.8	4.5	5.3	5.8	5.4	4.0	4.9	4.9	4.6	3.7	1.1	1.3	1.1	.9	1.0	52.7	52.6	50.9	47.4	43.1
Nevada	5.5	5.4	5.2	5.6	5.1	1.0	1.1	1.1	2.0	2.0	1.2	1.0	1.0	.8	.8	46.9	44.2	45.4	46.6	45.1
Pacific:																				
Washington	6.2	5.6	5.1	[3]3.8	3.6	7.5	8.1	7.0	7.6	8.6	2.1	1.9	1.6	1.4	2.2	78.8	[3]70.3	67.7	[3]65.1	55.0
Oregon	5.7	5.3	6.1	6.8	5.0	5.7	5.2	6.9	5.0	5.2	3.0	2.6	2.4	1.9	1.1	78.7	68.4	73.5	[3]76.7	77.5
California	4.6	4.4	4.3	4.0	4.2	3.7	4.6	4.0	3.3	4.3	2.9	2.4	2.6	2.1	2.7	68.8	63.4	60.0	57.1	74.4

[3] Revised.
[4] Including all other sales in settlement of estates.

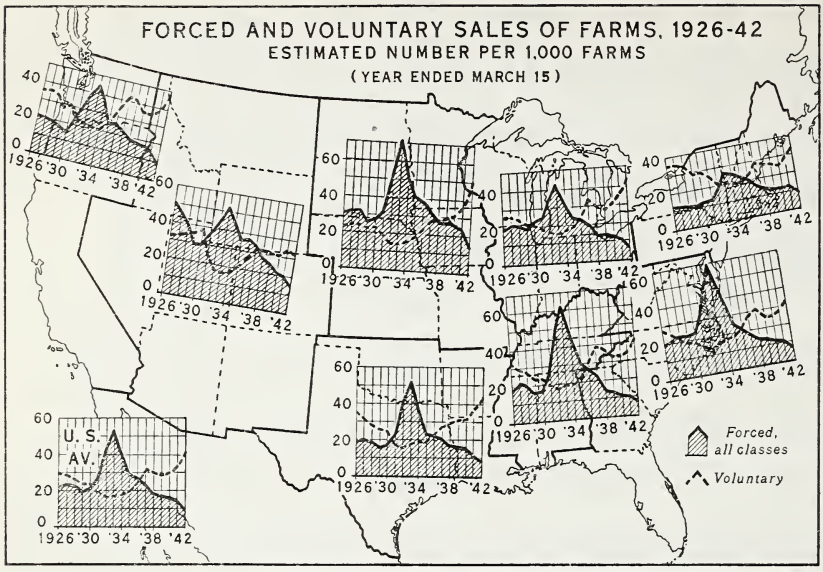

FIGURE 7.—The frequency of voluntary transfers of farm real estate increased during the year 1941–42 for eight major geographic divisions. A slight decrease occurred in the Mountain States. The downward trend in the frequency of forced transfers which has prevailed for a number of years continued.

WARTIME CONDITIONS RESULT IN IMPROVED BUYER ATTITUDES AND INCREASED VOLUNTARY SALES

The relatively high current volume of voluntary sales reflects the generally improved attitude of buyers toward farm real estate as a desirable investment. Improved current incomes and a favorable price outlook for most agricultural products, at least for the more immediate future, have stimulated interest in farm real estate purchases. In several of the principal agricultural areas the increases in land values have not as yet been excessive and the supplies of lands available for sale have been rather plentiful. Both conditions are favorable to increased activity in sales. General credit conditions, featuring ample supplies of credit at relatively low interest rates, have also favored increased sales.

Active farmers who are buying with the expectation of operating the land continue as the largest group of buyers. These farmers are about evenly divided between former tenants and farmers who already own land. Former lenders continue to constitute the largest seller group. Based on reports from dealer correspondents, credit agencies and private lenders combined sold approximately two-fifths of the farms voluntarily transferred during the last 3 years, with credit agencies indicated as sellers in about one-third of all such transactions. Active farmers were the next largest class of sellers, constituting slightly more than one-fourth of the total.

Voluntary sales of farm real estate now account for a larger proportion of all sales than at any time since data became available, in

1926. For the year ended March 15, 1942, voluntary sales and trades constituted 63 percent of the total transfers, as compared with 54 percent in 1941, 48 percent in 1940, and 18 percent in 1933. The change in the proportion is due, not only to the increase in voluntary sale frequency, but also to the declines in the frequency of forced sales.

Active Sales Reduce Land Holdings of Principal Lending Agencies

Increased sales, combined with reductions in acquisitions, brought substantial decreases during the last 2 years in the farm real estate holdings of creditor agencies. Throughout a substantial part of the country, the lands in the hands of former lenders have been depleted to the point where the influence of such holdings on current market developments is limited. But in some areas, creditor-agency holdings are still substantial and have a significant influence on the land market. The most extensive area of concentrated holdings is in the extreme western Corn Belt and immediately adjacent territory. In such areas, the farms available for sale by former lenders has had a curbing influence on prices of land, although contributing to a high volume of voluntary sales. Where holdings are substantial, disposal policies will continue to have a marked influence on the farm real estate market. For the most part, more active sales policies are being followed in the areas of extensive holdings, due primarily to the desire to liquidate investments in property owned outright. In some States the limitations on length of ownership has also been a factor causing an aggressive sales policy. In the better farming areas where holdings are limited, there appears to be less emphasis on the quick liquidation of such investments.

Farm real estate inventories of the Federal land banks were considerably reduced during both 1940 and 1941. These banks sold or disposed of 12,473 farms (or parts of farms) during the last year and reduced their holdings from 21,412 at the end of 1940 to 14,608 at the end of 1941. The number of properties sold in 1941 was about 12 percent higher than the number sold in 1940. The ratio of farms sold to those held and available for sale was materially higher in both 1940 and 1941 than in the 2 previous years. During the year just past sales by the Omaha land bank exceeded 3,000; over 2,000 farms were disposed of by the St. Paul land bank; and over 1,000 were sold in the Wichita and Spokane land-bank districts.

Farm real estate holdings of the Federal Farm Mortgage Corporation were also substantially reduced during 1941. At the end of 1941, 5,204 farms and sheriffs' certificates were owned as compared with 7,503 at the end of 1940 and 9,625 a year earlier. The number of whole and part farms disposed of during 1941 was 6,052, a slight decrease from the previous year. Joint stock land banks sold or otherwise disposed of approximately 1,600 properties in 1941, as compared with about 2,000 in both 1940 and 1939.

Investment in acquired farm real estate held by the Federal land bank and the Federal Farm Mortgage Corporation was $91,816,000 on January 1, 1942. This amount is approximately $42,000,000 under the investment a year previous, or a decrease of about 32 percent. The investment in acquired farm real estate held by selected lending

agencies is shown in table 11. As in the case of the Federal land banks farm real estate sales exceeded acquisitions for each of the five agencies listed during recent years.

The inventory peaks reached by the various agencies listed are fairly well distributed over the last half of the decade just past. The holdings of joint stock land banks reached a peak in 1934, those of insurance companies in 1937, and those of the three State credit agencies in 1938, whereas the holdings of the Federal land banks and the Federal Farm Mortgage Corporation increased almost continuously throughout the decade, reaching a high at the beginning of 1940. Holdings of commercial banks have decreased since data became available in 1936.

TABLE 11.—*Estimated investment in acquired farm real estate held by selected lending agencies, Jan. 1, 1930–42*

Year	Federal land banks and Federal Farm Mortgage Corporation [1]	Life insurance companies [2]	Joint stock land banks [3]	Insured commercial banks [4]	Three State credit agencies [5]
	1,000 dollars	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
1930	29,517	120,020	19,685	(6)	26,860
1931	36,865	151,229	22,202	(6)	33,511
1932	53,588	219,947	37,957	(6)	39,008
1933	83,158	316,931	71,741	(6)	47,454
1934	96,632	465,072	85,740	(6)	56,094
1935	96,666	600,873	81,700	(6)	60,270
1936	119,864	646,280	78,204	[7] 74,166	61,531
1937	134,754	713,166	72,781	69,525	68,444
1938	132,038	705,207	62,030	56,311	72,040
1939	139,229	702,861	53,885	49,143	71,846
1940	155,237	700,530	46,827	42,045	68,324
1941	134,180	673,600	36,172	33,373	60,900
1942	91,816	(6)	25,130	22,841	(6)

[1] Investment, including sheriffs' certificates and judgments, excluding prior liens. Excluding Puerto Rico.
[2] Investment—partially estimated. Includes farm real estate sold under contract of sale.
[3] Carrying value of real estate, including sheriffs' certificates and judgments. Real estate held by banks in receivership included at book value.
[4] Book value.
[5] Investment. Department of Rural Credit of Minnesota, Bank of North Dakota, and Rural Credit Board of South Dakota.
[6] Data unavailable.
[7] June 30.

Agr. Finance Rev. V. 4, No. 2. November 1941.

The estimated investment in acquired farm real estate held by life insurance companies includes the investment on properties sold under contract, and hence overstates the amount of such investment subject to liquidation through sale. In recent years the number of farms sold under contract appears to have increased materially, with the result that the use of acquired real estate investment estimates, which include contract sales, has been increasingly limited as a measure of the extent of holdings available for sale.

The significance of contract sales in Iowa is indicated by estimates of insurance-company acreage held outright and available for sale as compared with title-owned acreage which includes sales contracts.[5]

[5] Murray, W. G. FEWER CORPORATE-OWNED FARMS FOR SALE. Iowa Farm Econ. 8 (3): 12–13. March 1942.

Insurance-company acreage available for sale was estimated at 1,724,000 acres on January 1, 1941, or almost 40 percent under the estimate of 2,775,000 acres as the total to which title was held. The acreage for sale dropped about 25 percent during 1941 and on January 1, 1942 the inventory of farms available for sale was considered to be lower than at any time since 1933. Although estimates comparable to those for Iowa are not available, it has been observed that contract sales have also been used extensively in other States in which holdings of insurance companies are concentrated, and in many such States the differences between title-owned and acreage-for-sale inventories are likely to approach those found in Iowa.

With the current active market and decreased acquisitions, the rapid rate of decrease in the holdings of former lenders may be expected to continue. On the whole the liquidation of corporate-agency holdings has had a stabilizing influence on the land market, and has operated to prevent excessive value increases.

Substantial Share of Voluntary Sales Made to Active Farmers

According to reports from dealer correspondents during the year just past, the proportion of farms bought by active farmers decreased slightly, although farmers are still buying over three-fifths of the farms transferred at voluntary sale. The proportion of purchases by persons in nonfarming occupations increased. About a third of the farms sold went to such groups. The proportion bought by farmers during the 12 months ended in March 1942 is about the same as that prevailing during the 1935–38 period. This proportion is somewhat under the average for the 1939–41 period, when about two-thirds of the purchases were made by farmers.

The proportion of farms bought by local residents and for the purpose of operating has been substantially unchanged since 1935 (table 12). During this period, somewhat more than four-fifths of the farms transferred at voluntary sale have been bought by local residents and about three-fourths of these buyers purchased for actual use.

In the West North Central and the Mountain States, almost four-fifths of the purchasers in the last few years have been active farmers. In contrast, active farmers in New England have been purchasers in less than two-fifths of the transactions.

For the country as a whole, about one-half of the farmers buying land have been tenants during the last several years. Purchases by tenants have been particularly high in the North Central States, where over three-fifths of the active farmer-buyers were tenants during the last 3 years. Substantial purchases by former tenants are also reported by the Federal land bank. In both 1940 and 1941, about one-half of the land-bank sales were to former tenants. This was a substantial increase over the proportion sold to tenants in previous years.

TABLE 12.—*Voluntary sales and trades of farm real estate: Percentage of purchases reported in specified classes of residence, occupation, and purpose of purchase, for the United States and for geographic divisions, years ended March 15, 1930–42.*

Geographic division	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
Local residents													
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	59	48	51	50	56	58	56	55	60	63	52	48	48
Middle Atlantic	70	70	69	68	69	72	77	71	72	71	74	73	66
East North Central	83	84	78	78	78	85	83	83	83	84	86	82	80
West North Central	89	88	85	81	82	83	84	84	86	88	88	87	86
South Atlantic	82	82	79	76	81	82	86	84	82	83	86	84	80
East South Central	90	85	87	86	88	86	85	91	88	90	88	87	86
West South Central	82	77	73	76	78	78	81	78	80	82	83	82	83
Mountain	81	77	76	77	84	80	78	82	84	86	86	85	85
Pacific	71	72	66	70	71	72	72	74	74	75	75	73	69
United States	82	81	77	76	78	81	82	81	81	83	83	82	80
Purchase for operation													
	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	80	79	85	85	74	68	73	71	74	73	72	71	62
Middle Atlantic	82	85	82	83	79	78	79	76	77	75	73	75	69
East North Central	80	82	77	75	73	72	72	71	74	78	77	73	71
West North Central	82	81	76	74	72	73	74	69	75	74	77	81	76
South Atlantic	78	80	78	75	75	71	78	74	77	81	80	78	73
East South Central	79	79	81	80	78	78	79	83	80	82	80	78	79
West South Central	73	70	68	68	67	66	71	74	73	77	79	79	74
Mountain	87	88	87	88	84	84	84	87	88	86	87	87	86
Pacific	84	90	88	88	89	86	84	89	84	84	86	82	83
United States	81	81	79	77	75	74	76	75	77	78	78	78	75
Occupation of purchaser													
Active farmer													
	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	59	42	37	40	42	40	46	35	39	40	46	36	30
Middle Atlantic	56	50	45	42	47	51	51	47	45	45	48	50	44
East North Central	67	60	55	48	55	60	58	60	63	66	64	61	58
West North Central	81	75	67	58	65	69	69	68	67	71	78	79	72
South Atlantic	66	62	55	54	59	60	65	66	60	65	67	62	58
East South Central	74	69	65	66	69	71	71	72	74	74	72	70	70
West South Central	70	64	53	49	54	61	62	63	63	69	69	72	68
Mountain	83	76	67	68	70	77	77	76	79	77	80	78	77
Pacific	71	65	51	52	54	62	62	62	48	63	64	56	55
United States	72	65	57	53	58	63	64	63	62	66	68	67	63
Retired farmer													
	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	3	6	7	7	4	5	6	4	3	5	4	2	2
Middle Atlantic	4	7	5	5	5	4	7	3	6	5	5	3	2
East North Central	5	7	7	7	6	5	6	5	5	4	4	5	4
West North Central	5	8	8	9	6	6	7	6	6	5	4	5	5
South Atlantic	3	5	4	4	4	3	3	4	3	2	2	2	1
East South Central	2	3	4	3	3	3	3	6	2	3	2	3	3
West South Central	4	6	5	6	7	5	4	4	4	3	5	3	3
Mountain	2	4	5	2	4	1	4	2	3	4	2	3	3
Pacific	4	4	6	6	7	4	4	7	3	4	3	4	5
United States	4	6	6	6	6	5	5	5	4	4	4	4	3

TABLE 12.—*Voluntary sales and trades of farm real estate: Percentage of purchases reported in specified classes of residence, occupation, and purpose of purchase, for the United States and for geographic divisions, years ended March 15, 1930–42*—Continued

Geographic division	Other occupation												
	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	38	52	56	53	54	55	48	61	58	55	50	62	68
Middle Atlantic	41	43	50	53	48	45	42	53	50	50	47	47	54
East North Central	27	33	38	45	39	35	36	35	32	30	32	34	38
West North Central	14	17	25	33	29	25	24	27	28	24	18	16	23
South Atlantic	30	33	41	42	37	37	32	30	37	33	31	36	41
East South Central	23	28	31	31	28	26	26	23	24	23	26	27	27
West South Central	26	30	42	45	39	34	34	33	33	28	26	25	29
Mountain	15	26	28	30	26	22	19	23	18	19	18	19	20
Pacific	26	31	43	42	39	34	34	30	49	33	33	40	40
United States	24	29	37	41	36	32	31	32	34	30	28	29	34

Downward Trend in Number of Forced Sales Continues

The year ended March 15, 1942 marked the ninth consecutive year in which a decline occurred in the number of farms transferred by foreclosure of mortgage, by bankruptcy, or by other methods arising from difficulty in meeting payments on indebtedness secured by farm real estate. The number of such transfers was 6.2 per thousand of all farms for the United States as a whole, a decline of approximately 41 percent from the 1940–41 estimate when the frequency of such transfers was 10.5 per thousand of all farms (table 10). The record high for the number of forced sales of this type was 38.8 per thousand for the 12 months ended March 1933.

Substantial declines in the frequency of foreclosure sales and related defaults for the year ended March 1942 occurred in each of the major geographic divisions. The West North Central group of States continued to report the highest frequency of foreclosures and related defaults, although such sales decreased about the same as the United States average during the year. Foreclosures during the last 2 years in several of these States resulted from attempts by creditors to clear up many border-line cases that had been carried along, or cases protected during the past years by debt-moratoria legislation. With the disposal of such cases, further declines in distress transfers may be expected.

The number of farms acquired by the Federal land banks as a result of mortgage foreclosures or by voluntary deed during the calendar year 1941 was approximately 20 percent below the previous year.[6] Acquisitions in 1940 were 47 percent below those during 1939. Although basically attributable to improved farm incomes, this substantial decrease in farms acquired, particularly during 1940, was also due in part to the more widespread use of various remedies for rehabilitating loans. The remedies available to distressed borrowers included forbearance and extension agreements, deferments of principal payments, and the reamortization of the loan over a longer term of years. Where these remedies did not meet the needs

[6] See footnote 4, p. 28, report 9.

of worthy borrowers, either of two other methods of payment, known as the variable- and suspended-payment plans, was used. Both of these plans provided for payments by the borrower which would represent a reasonable share of his farm income. In connection with these rehabilitation plans, attention was given in many instances not only to the condition of the loan but to the farm operations during the period these plans were in effect.

Acquisitions by the Federal Farm Mortgage Corporation in 1941 were about 14 percent less than in 1940, and the number of properties acquired by the joint stock land banks decreased approximately 35 percent. The downward trend in foreclosures by insurance companies, individuals, commercial banks, and a miscellaneous group, have prevailed for several years. The rates for each of these types of lenders were lower in 1940 than for any of the 6 preceding years.[7]

Frequency of forced sales resulting from the nonpayment of taxes for the United States as a whole has continued at a relatively low level during the last 3 years. For the year ended March 15, 1942, the frequency of such sales for the country as a whole was 3.1 per thousand of all farms as compared with 3.4 for the previous year and 3.3 for the year ended March 1940.

Indices Compiled of Voluntary and Distress Sales Since 1912

Data on changes in farm ownership, presented in table 10, and comparable data published in previous issues of *The Farm Real Estate Situation* are based on information received annually from crop correspondents. Compilations from this source are available for 12-month periods since March 15, 1926. In table 13 the previously available series for voluntary transfers and foreclosures and related defaults have been converted to index form and extended back to 1912 for the United States and the North Central States, on the basis of data obtained from county records.[8]

The county-record data were in terms of number of tracts and acreages, rather than farms, and by calendar years; hence they were not exactly comparable with the regularly computed series. The total acreage was used in preference to number of parcels in extending back the transfer-volume index. For the period since 1926, transfer data for the 12 months ended March 15 were used to represent the previous calendar-year transfers. Thus, in computing the calendar-year index, the regularly computed series have been lagged approximately 2½ months.

The rather high inverse relationship of voluntary and distress transfer frequencies is apparent from figure 8. High indices of voluntary transfers have been associated with low foreclosure and assignment indices and their movements have generally been in opposite directions.

---

[7] Data compiled by Farm Credit Administration, U. S. Dept. of Agriculture.

[8] Data on farm real estate transfers were obtained from county records in a Nation-wide project conducted during 1936 and 1937 under the joint sponsorship of the Work Projects Administration and the Bureau of Agricultural Economics. A processed report entitled "Transfers of Farm Real Estate" published by the Bureau of Agricultural Economics in 1939, gave for 485 counties in 48 States, the basic data on the volume of farm real estate transfers classified according to the kind of transfer.

TABLE 13.—*Index numbers of volume of foreclosures and assignments and voluntary transfers of farm real estate for the North Central States and for the United States, 1912–41*

[1925-29=100]

Year	Voluntary transfers [1]		Foreclosures and assignments [1]		Year	Voluntary transfers [1]		Foreclosures and assignments [1]	
	North Central States	United States	North Central States	United States		North Central States	United States	North Central States	United States
1912	125.6	118.9	16.2	14.9	1927	102.2	100.1	105.5	105.1
1913	125.6	115.5	18.9	16.7	1928	92.8	89.4	91.1	88.4
1914	117.6	107.3	20.7	19.7	1929	93.7	90.2	97.8	93.8
1915	110.1	103.5	25.2	20.9	1930	80.0	72.3	108.3	111.7
1916	124.8	121.7	27.9	22.7	1931	66.3	61.6	171.8	169.7
1917	145.1	144.7	27.0	22.1	1932	62.9	64.0	239.5	231.8
1918	143.3	139.0	23.4	18.5	1933	68.4	67.7	173.2	167.3
1919	213.8	188.4	24.3	19.1	1934	77.8	73.8	133.1	125.4
1920	209.2	165.3	28.8	23.9	1935	99.2	94.4	125.0	121.3
1921	110.4	101.6	39.6	39.4	1936	132.2	119.9	108.3	108.1
1922	91.6	92.8	67.6	69.9	1937	120.6	116.1	86.8	85.4
1923	96.8	99.2	87.4	87.2	1938	118.0	113.0	82.5	80.6
1924	88.8	96.1	101.8	99.8	1939	133.4	114.9	79.7	75.3
1925	104.4	112.6	101.6	104.0	1940	156.1	129.8	63.0	62.7
1926	106.9	107.7	104.0	108.7	1941	200.2	158.7	37.7	37.0

[1] 1912–24 are preliminary.

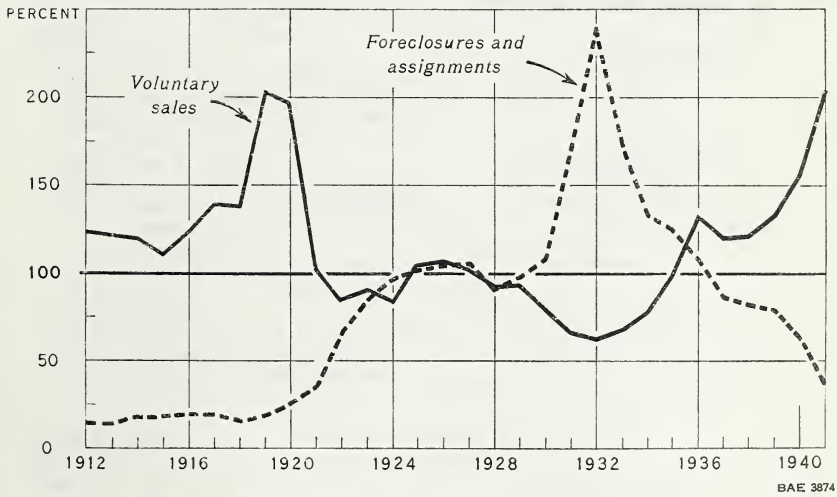

FIGURE 8.—INDEX NUMBERS OF ESTIMATED VOLUME OF FORCED AND VOLUNTARY TRANSFERS OF FARM REAL ESTATE, NORTH CENTRAL STATES, 1912-41.

Index numbers (1925–29=100)

The level of voluntary sales in the North Central States during 1941 was significantly higher than for any year since 1920. The level of forced sales resulting from debt difficulties, although lower in 1941 than for any year since 1921, was still approximately twice as high as the general level prevailing during the period from 1912 to 1920.

In the years immediately preceding the first World War the level of voluntary sales for the country as a whole was approximately one-fourth higher than the levels prevailing during the decade following 1920, and almost double the volume for the early years of the last

decade. After one and one-half decades of reduced volume, the levels for the United States during the 1936–40 period approximated those prevailing during the last pre-war period. During the last year, voluntary sales were more frequent than at any time since data became available, with the exception of the years 1919 and 1920.

Fluctuations in the frequency of voluntary sales over the period have been even more drastic than fluctuations in values. The volume of voluntary sales for the North Central States in 1932 was approximately 30 percent of that for 1919. The low in per acre values was reached in the neighborhood of 35 percent of the 1920 peak. Fluctuations in the frequency and the value series suggest the extreme range that would be expected if both were combined in some type of index of market activity.

Relatively few foreclosures and assignments occurred during the years 1912–21. From 1921 to 1926 the number of foreclosures increased substantially each year, reaching levels that were more than four times those prevailing during the pre-war and war years. The sharp increases in foreclosures and assignments following 1930 carried the index to a peak in 1932 that was more than two and one-quarter times the level for the 1925–29 period, and approximately 10 times the level for the years before 1920. Since the peak, foreclosure sales have been declining consistently and are now lower than those prevailing at any time since 1920.

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